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Chair

The Honourable Wayne Easter

Standing Committee on Finance

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● (0850)

[*English*]

The Chair (Hon. Wayne Easter (Malpeque, Lib.)): I call the meeting to order.

Welcome, everyone.

For those who are witnesses for the panel at 9:00, in most of the locations outside Ottawa we have an open mike session, which gives people the opportunity to come to the floor mike and make a one-minute statement on their issue of the day. A minute isn't a lot, but it does go into the record and it is considered by the committee in terms of the pre-budget consultations. There are no questions from members on those points.

As we have only three people for the open mike, I'll quickly go around the room so that members can introduce themselves and indicate where they're from so that the witnesses know that we basically cover the country from Vancouver to P.E.I.

I think almost everyone here knows me, anyway. I am Wayne Easter, from the riding of Malpeque.

Peter Fragiskatos, go ahead.

Mr. Peter Fragiskatos (London North Centre, Lib.): Good morning, everyone.

I am Peter Fragiskatos, from London, Ontario. I have had the chance to meet some of you already, but to those I haven't met, thank you very much for being here. I am very much looking forward to your presentations.

The Chair: Francesco, go ahead.

Mr. Francesco Sorbara (Vaughan—Woodbridge, Lib.): Good morning, everyone.

We usually say welcome to our speakers, but it's vice versa this morning. Thank you for having us. It's great to be here.

I am the member of Parliament for Vaughan—Woodbridge, located right on top of the city of Toronto. I look forward to hearing your briefs.

The Chair: Greg, go ahead.

[*Translation*]

Mr. Greg Fergus (Hull—Aylmer, Lib.): Hello, my name is Greg Fergus.

I am the member for Hull—Aylmer, a Quebec riding close to Ottawa. We had a tornado last week.

I have been a member of the Standing Committee on Finance for two years, nearly three years. I have visited Prince Edward Island a number of times and I love it. I am happy to be here.

[*English*]

I am looking forward to hearing from you.

The Chair: Thank you.

Pat, go ahead.

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): I am Pat Kelly, from Calgary Rocky Ridge.

The Chair: Leona, go ahead.

Ms. Leona Alleslev (Aurora—Oak Ridges—Richmond Hill, CPC): I am Leona Alleslev. I am from just north of Toronto, beside Francesco, in Aurora—Oak Ridges—Richmond Hill.

The Chair: Peter, go ahead.

[*Translation*]

Mr. Peter Julian (New Westminster—Burnaby, NDP): Hello, I am very happy to be here.

[*English*]

My name is Peter Julian, and I represent the riding of New Westminster—Burnaby, on the west coast of the country. Currently it's 4:30 in the morning my time. I came in last night and was able to wander around the beautiful architecture in downtown Charlottetown. This is a gorgeous part of the country, so I'm glad to be here.

The Chair: Thank you, all, and welcome.

We'll start on the open mike with Karen Clare. Karen, the floor is yours.

Ms. Karen Clare (Volunteer, PEI Home and School Federation): Honourable Wayne Easter and committee members, thank you for having me here.

I am here on behalf of the Prince Edward Island Home and School Federation, one of more than 40 members of the Coalition for Healthy School Food, which is coordinated by Food Secure Canada.

Approximately 20% of students in Canada receive a meal or a snack at school. We have a patchwork of school food programs across Canada, including here on P.E.I. Evidence shows that a national universal healthy school food program would increase children's consumption of healthy foods, reduce their risk of chronic diseases, improve mental health, improve educational outcomes, and increase graduation rates.

Also, a national school food program has the potential to create jobs and to grow national economies by investing in local agriculture and food businesses.

Today we are asking your government to invest $360 million in your next budget to partner with provinces, territories, municipalities, community groups, parents and other key stakeholders in funding a cost-shared program, estimated at $1.8 billion.

Your support will make a positive difference in the lives of our schoolchildren.

Thank you.

● (0855)

The Chair: Thank you, Karen.

Shirley Pierce, go ahead.

Ms. Shirley Pierce (Advocacy Officer, Prince Edward Island, National Association of Federal Retirees): Good morning.

I'm happy to be here on National Seniors Day. I represent the National Association of Federal Retirees. It has about 180,000 members, who are retirees of the public service, the Canadian Armed Forces, and the Royal Canadian Mounted Police, as well as retired federal judges. Our association has advocated for improvements to the financial security, health and well-being of our members and all Canadians for more than 50 years. I have some recommendations.

The first one is that, along with our provinces and territories, the federal government lead the implementation of a comprehensive national seniors strategy that addresses the social determinants of health, including access to affordable and appropriate housing, retirement income security, and robust and sustainable social services. This must include taking action on improving senior-focused home and community care, developing and promoting age-friendly community principles, increasing support for caregivers, and combatting isolation and ageism.

The second is that this government help Canadians build better retirement security, honour the promises made to retirees when pension plans are changed, and continue to improve CPP and OAS. A good first step in achieving this would be the immediate withdrawal of Bill C-27.

Third is that the federal government follow through on the budget 2018 commitment to consult on retirement security. To ensure that our current retirement savings regimes are effective and that Canadian retirement security needs are met, hold public, transparent consultations by spring 2019 with retirees and pensioner organizations, veterans, academics, policy experts, labour and business leaders, and others to map Canada's path to retirement security.

Last is that this government ensure that retirees and employees are properly compensated and invest appropriate funds and continue to work with labour and retiree partners to resolve the Phoenix pay system issues.

Thank you.

The Chair: Thank you, Shirley.

Next is Deb Calviello.

[*Translation*]

Ms. Deborah Calviello (As an Individual): Hello.

[*English*]

Thank you for having me today. I am here as the newly minted executive director for the CBDC in Summerside. The CBDC is part of the national community futures program, and I'm here to raise awareness of our need for more resources to better serve the needs of businesses in rural Canada.

There are 267 active CFOs in Canada. This represents a total annual CED funding request of $13.35 million, and $66.75 million over five years. We feel that these funds should be allocated on a regional basis as follows: western Canada, $4.5 million; Ontario, $3 million; Quebec, $3.35 million; Atlantic Canada, $2 million; and the north, $400,000.

The funding we get here impacts businesses in rural Canada tremendously. We have enjoyed many successes. Some of them are Twin Shores, which used our money and services to expand accommodations; Myers Welding in Tignish; and the Community Inclusions folks, who fund social enterprise that supports people with intellectual difficulties.

These funds and resources result in increased revenue and employment opportunities, and they're just good business. We broaden the tax base, and we give people jobs and encourage them to pursue things that they maybe never thought they would do.

Thank you so much for your time.

● (0900)

The Chair: Thank you, Deb.

We will now turn to our formal session. If people can hold it relatively close to five minutes, we'll have more time for questions.

Just so you know, sometimes we get asked afterwards why people are on their iPads while we're doing the meetings. All the submissions, 524 of them, to be exact, are on the iPads. Members will be looking back at the original submissions.

First, we have Mike Durant, as an individual.

Welcome, Mike.

Mr. Mike Durant (As an Individual): Thank you, Mr. Chair.

Good morning, committee members and everyone. Hello, presenters.

My name is Mike Durant. I'm here to highlight the effectiveness of the Atlantic Salmon Conservation Foundation's model in supporting the theme of economic growth and ensuring Canada's competitiveness. I've been involved in watershed restoration activities for many years in several capacities. I currently serve on the provincial advisory committee for ASCF. I'm the president of Central Queens Wildlife Federation, where we do work on two rivers in Prince Edward Island. I also serve currently as the chair for the Prince Edward Island Watershed Alliance. It's an umbrella group that serves and supports all 24 watershed groups on P.E.I.

ASCF was established in 2007 and initially awarded a conditional grant of $30 million. This grant was placed into a trust fund, and the proceeds of that trust fund are used to invest in project work across five provinces. The ASCF trust fund currently provides approximately $1 million in funding annually, and as I said, that is invested in five different provinces—the four Atlantic Canada provinces and Quebec. On average, P.E.I. receives about $100,000 for project proposals.

ASCF directly contributes to economic growth in several ways. It creates jobs through its funding program, particularly in rural areas. It also encourages volunteer participation. We have many different groups that have lots of volunteers on staff. That makes a big difference in these local communities. In terms of ecotourism, the recreational fishery for wild Atlantic salmon has been assessed by ASF as contributing approximately $255 million annually. ASCF projects directly enhance the salmon habitat, ensuring that the value of this fishery will continue to grow. ASCF-funded projects leverage other sources at a four-to-one ratio. It stimulates economic growth and enables groups to pursue projects they would be unable to complete on their own.

The ASCF governance model allows for each province, through its provincial advisory committees, to focus on local priorities, which is something very important. It's effective and efficient. The grant process is very timely. It's quick. The money that is given to groups is usually available very early in the year. It's really critically important. Our field season, for most crews, runs from about April through September. When the dollars get into the hands of groups in the March-April time frame, that's great. Sometimes, with the federal programs, I've seen monies arrive for groups two days before the end of the fiscal year. That's very damaging. It's hard to do work in that situation.

As well, it develops the capacity of local groups. ASCF encourages and supports collaboration among community groups, NGOs, aboriginal organizations, and research institutions, which in turn builds further capacity in the sharing of best practices. It's a fully sustainable and permanent investment that's available. The proceeds of the trust fund are what's used, so the trust fund remains in perpetuity.

Again, the difference between ASCF's model and a government program similar to, say, the coastal restoration fund, which is a program that exists only for five years, is that ASCF is a permanent model, so that money is available.

In terms of my recommendation, I would like to see the government consider an investment of $50 million into the Atlantic salmon endowment fund. This would enable ASCF to approximately double its capacity to fund project work.

In summary, I'd like to highlight that ASCF directly contributes to economic growth and ensuring Canada's competitiveness. It does so through its permanent and sustainable business model; its effective and efficient management of the program; its direct support to preserve and support Atlantic salmon habitat, and the resulting increase in value of the ecotourism and the salmon recreational fishery; and its support for local community groups to develop capacity and increase community engagement.

● (0905)

Thank you, Mr. Chair.

That concludes my statement.

The Chair: Thank you, Mike.

Next we have Blair Corkum, from Blair Corkum Financial Planning Inc.

Welcome, Blair.

Mr. Blair Corkum (President, Blair Corkum Financial Planning Inc.): Thank you, Mr. Chair, and thank you to the committee for giving me this opportunity.

I am obviously not from a big organization, so I will give you a little background. I am a self-employed CPA, chartered accountant, with 40 years of tax experience working with individuals and small businesses. I am also a registered financial planner and a chartered financial divorce specialist with 20 years of experience working with separated couples.

I have two recommendations for the committee to consider.

Although not related to the budget theme, fairness is an important principle to any economy. One recommendation is to correct the tax credit legislation for claiming children in shared custody. The other is asking for Canadians contributing to the Canada pension plan to be guaranteed at least a return of their premiums if they die too young to receive a reasonable pension.

On the first issue, the Income Tax Act provides a tax credit called the eligible dependant amount for single parents who support a child. Years ago, this was called the equivalent to married exemption. When a single parent has sole custody of a child, they can save about $2,500 in taxes, using P.E.I. rates.

Subsection 118(5.1) of the Income Tax Act says that couples who have shared custody of the same children on a more or less equal basis can also claim this credit. However, to qualify in this case they must each be legally obligated to pay child support to each other. In a shared custody situation, support must be calculated for each parent based on their individual income, meaning that the higher-income parent will pay more than the other parent. Net cash flows to the lower-income parent.

According to current tax law, if the parents are legally obligated to write a cheque to each other, each parent can claim the credit for one of the shared children. In this scenario, they will have a combined total of about $5,000 in tax savings, the same as if they had sole custody of one child each. However, if instead of writing two cheques they agree that for convenience the higher-income parent will pay only a set-off amount to the other parent, then only the receiving parent can claim the credit. The other parent can claim nothing. The net result of the child support is the same, but $2,500 of the tax savings are lost.

Two families may be in identical situations, but one family saves $2,500 more than the other solely because their separation agreement requires two cheques to be written instead of one. Is this not unfair, and perhaps even silly?

You might ask why parents do not just simply agree to write each other separate cheques to avoid this problem. The answer is set out in detail in my submission, but it primarily relates to enforcement issues when one parent's cheque bounces.

Parents sharing custody of the children should each be able to claim the eligible dependant amount when there is more than one child, regardless of how the payment is made. When there is only one child, changing the legislation to allow for sharing of that one credit clearly makes sense in the same way that the Canada child benefit must be shared. Children should come first, and this law should be fixed.

My other recommendation relates to the Canada pension plan and a little-known feature. If a person dies before they have collected the CPP and the surviving spouse already receives their own CPP retirement benefit, which is at the maximum amount, they are not entitled to a survivor benefit.

Over a 40-year work history, premiums paid by an employee in today's dollars would amount to about $100,000 to receive the maximum pension. It's double that for business owners. Is it reasonable for Canadians to invest in a pension plan if we know that our estate or our family will receive nothing if we die early? This will happen if we do not have a living spouse or where our surviving spouse already has a full CPP pension on their own account. We should be entitled to at least a premium refund plus interest on the same terms as the public service pension plan and all other pension plans that I have seen.

Thank you for your time and consideration.

● (0910)

The Chair: Thank you, Blair.

We'll turn to Bulk Carriers PEI Limited, Mike Schut, vice-president, and Tyson Kelly, vice-president.

Mike, go ahead.

Mr. Mike Schut (Vice-President, Administration and Human Resources, Bulk Carriers PEI Limited): Thank you, Mr. Chair.

Thank you for giving us the opportunity to present to you here today. As mentioned, my name is Mike Schut. I'm the vice-president of administration and human resources with Bulk Carriers. With me is Tyson Kelly, the vice-president of operations and general manager.

Bulk Carriers is a family-owned and operated business located just outside of Charlottetown, in Clyde River, P.E.I. It started in 1973 and it has grown to be the largest island-owned long-haul transport company today.

We are in the middle of a crisis within this industry, and there needs to be action now. In 2013, a report funded by the Canadian Trucking Alliance indicated that, by the year 2020, the gap between supply and demand for truck drivers would soar as high as 33,000. I heard recently from the Atlantic Provinces Trucking Association, who said that the gap may actually be closer to 40,000. Folks, we're only two years away from that projection, and this is only a start.

Our growth at Bulk Carriers has gone from eight trucks and 12 staff in the year 2000 to 98 trucks and 142 staff in 2018. Trucking moves the Canadian economy. Without transport trucks moving the product, the economy would grind to a halt.

In 2012, statistics showed that 90% of all consumer products and foodstuff was shipped by truck throughout Canada. The trucking industry generated more than $67 billion in revenue. In 2018, Bulk Carriers is projecting annual sales to be in excess of $30 million, and our payroll is projected to be in excess of $9 million. Since the last quarter of 2017, we have increased our driver pay package two times. This is being done to combat our annualized driver turnover rates of 59% and in an effort to fill the 17 trucks that we currently have sitting empty in our yard with no drivers to put in them.

Since 2004, Bulk Carriers has been a user of the temporary foreign worker program. In fact, the second driver we brought over under that program is still with us today and just recently completed 13 years of service with our company. Today, our driver population consists of 46% temporary foreign workers. This has been an absolutely necessary program in order to deal with the driver shortage crisis.

I mentioned earlier that we currently have 17 trucks, or 17% of our fleet, empty. This comes at a huge cost. If these trucks were full, our potential year-to-date revenue in 2018 would be increased to approximately $35 million, with projected payroll costs of $10 million. In the first nine months of 2018, having 17 empty trucks has cost approximately $550,000. If they were filled, the costs would be higher with driver wages, fuel, repair and maintenance, but that would be offset by the revenue generated from their going up and down the road. Having these trucks empty has caused increases in freight rates. These increases in freight rates have been felt by everyone, from farmers and producers to shippers, receivers, and the consumer. It translates to increased costs for products on the shelves, and that is carried on the back of the Canadian consumer. This is the case not just for our transport company, but for almost all transport companies across Canada and North America.

There are several things that the Canadian federal government can do and needs to do in order to deal with this crisis. First and foremost, the federal government needs to recognize that a long-haul truck driver is not a low-skilled worker. According to the national occupational classification system, long-haul truck drivers are code 7511, which is NOC C. This is classified as a low-skill worker. In the paper that we have submitted to you, I have provided several compelling reasons why a long-haul truck driver should not be classified as low-skilled. Changing NOC code 7511 from C to B would greatly reduce the barriers to entry for foreign workers to fill the shortages we are experiencing.

Another way the federal government can act now is by making some changes to the Atlantic immigration pilot program. I have recommended these changes as well, which can be seen in the paper submitted to you.

Yet another way the federal government can respond to this crisis is to streamline the LMIA application process. The process is too long and has too many bottlenecks that can cause absolutely unnecessary delays, which costs money.

The final area referred to in the paper, where Bulk Carriers and probably many other trucking companies could see a huge improvement, is for the federal government to level the playing field. Changes to the program to allow the temporary foreign worker's spouse to obtain an open work permit when they land would greatly improve retention rates and greatly decrease driver turnover rates.

● (0915)

In conclusion, all of these options can be seen as easy solutions to a major crisis. The federal government needs to act now, before it's too late. However, we are already in this crisis. This action needs to be now, in order to divert the crisis from becoming national economic devastation.

Thank you.

The Chair: Thank you very much, Mike.

We'll go to the Greater Charlottetown Area Chamber of Commerce, with Jennifer Evans, president, and Penny Walsh-McGuire, CEO.

Ms. Jennifer Evans (President, Greater Charlottetown Area Chamber of Commerce): Good morning, Chair Wayne Easter, vice-chairs, and members of the committee.

My name is Jennifer Evans. I'm president of the Greater Charlottetown Area Chamber of Commerce. With me today is our CEO, Penny Walsh-McGuire.

Thank you for the invitation to present on the 2019 federal budget. The chamber serves as the voice of business for close to 1,000 members in the greater Charlottetown area. We provide services, opportunities and advocacy support for members to enhance their ability to do business. In our August budget submission, we offered several recommendations to build on the competitive advantage of business in our region and our country.

Now, how many of us were up way too late last night following the NAFTA negotiations? This has changed our presentation somewhat this morning, but we are delighted to see that a renewed trade agreement between Canada, the U.S. and Mexico has been agreed to in principle. This, of course, is a step forward, and we look forward to assessing the details of this agreement—probably right after this meeting. We would like to congratulate Minister Freeland and Canada's entire negotiating team for delivering an agreement that remains trilateral.

While we applaud the achievement of this agreement, we must remember how overly dependent we've allowed ourselves to become on one trading partner. We must continue to diversify our markets and protect ourselves in the future, looking at our regulatory and taxation framework in support of our competitiveness. I think the lesson we've all learned is that we need to start working together a little more, so that we are not left in such a vulnerable trading position.

Let's talk about Canadian tax competitiveness and our current tax environment, and how the current realities are impacting Canadian business competitiveness. Our chamber members are worried about the growing burden posed by fees, taxes and regulations on the private sector. This is of significant concern, given the U.S. administration's move to dramatically cut both regulation and business taxes south of the border. The chamber welcomed the federal government's move to lower the small-business tax in 2018, but more must be done to reduce the tax burden if our Canadian businesses are to remain competitive.

As such, we ask the federal government to consider the recommendation to respond to the reality of the changing tax landscape in the United States by reinstating Canada's business tax advantage and removing undue regulatory burdens on businesses of all sizes.

In the fall of 2017, we joined forces with chambers across the nation to oppose the unfair proposed tax changes. Our members remain concerned with the invasive and impractical reasonableness test designed to determine if a family member is deserving of the appropriate income from the business. As such, we recommend that the federal government enhance the proposal to impose an income reasonableness test on small, family-run businesses to recognize that family members can contribute to and support family business without being directly involved.

At this time, I'd like to turn things over to our CEO, Penny Walsh-McGuire, to highlight some of our additional recommendations.

● (0920)

Ms. Penny Walsh-McGuire (Chief Executive Officer, Greater Charlottetown Area Chamber of Commerce): Thanks, Jennifer.

I'm going to talk a bit about carbon pricing, a topic that is familiar to all of you and a hot topic across the country. Business and industry remain committed to moving toward a low-carbon economy, with innovation and ingenuity being applied in support of this across many sectors. Island businesses agree that a reduction in our carbon emissions is a priority, with the impacts of climate change a current reality rather than a future problem. With that, we feel it's important for government to recognize the complex nature of emissions and environmental regulations across the country. Provincial economies have different components and competitors that require different solutions.

At 1.8 megatonnes, P.E.I.'s carbon footprint is 0.25% of the national amount. The chamber is confident in island businesses' ability to care for the environment without punitive tax measures. Therefore, we recommend that the federal government allow provinces to explore incentives to reduce carbon emissions before implementing the federal carbon pricing backstop policy. We certainly acknowledge the federal government implementing a carbon pricing backstop policy, and thus, if it is deemed necessary, implementing one pricing structure that would be revenue-neutral for business, that is, a tax shift rather than a tax increase.

I want to touch on a topic that was referenced by our colleagues at Bulk Carriers, and that is skill shortage as it relates to population growth. Our regional population growth and addressing our local labour challenges in Atlantic Canada are of particular importance. Our small population is susceptible to future skills and labour shortages and sees population growth as an avenue to address some of these problems. The issue of accessing labour is among our members' top priorities and directly links to their competitiveness.

Certainly the chamber recognizes our collective responsibility—business, communities and governments—to support population growth and workforce developments. I'll highlight one program that was recently launched, the P.E.I. network program. With support from IRCC and the provincial government, the chamber launched this program, which connects business and community leaders with P.E.I.'s newest top talent. The program is being offered in more than 20 cities across Canada, seeing newcomers build their network, in support of lifting their names off the pages of their resumés. We've already seen success in just a short time on this project.

I'll also note that the Atlantic immigration pilot program has helped address some skills challenges in the region, and it has seen excellent uptake among employers in P.E.I., with allocations of spaces in our province being fully subscribed over the last two years. We also want to note that we welcomed the news of the 500 additional spaces that were recently announced for this program. Given this marked success, we would point to the need to consider making the Atlantic immigration pilot program permanent.

In closing, I want to touch on federal finances. In budget 2018, we registered projected deficits of over $18 billion and the lack of a plan to move to a balanced budget in the near future. The concern is that the budget did not put Canada in a position to appropriately respond to uncertainty, to headwinds like those we've seen over the last year of negotiations on things like NAFTA, or to a possible downturn in our national economy. For this reason, we recommend that the federal government set annual targets for balanced budgets, or conditions permitting a surplus, subject to recessionary conditions, indicating a requirement for deficit spending to stimulate economic activity.

That summarizes our presentation. We thank you for the opportunity and welcome any questions you may have.

Thank you.

The Chair: Thank you, both.

With i-Valley, we have Barry Gander, co-founder, and Tony Walters, vice-president.

Barry, you're up.

Mr. Barry Gander (Co-Founder, i-Valley): Thank you very much.

I echo my colleague's support for the NAFTA agreement, and congratulations on that.

You may not have caught it, but on Friday there was an announcement that puts NAFTA to shame in the total economic impact it will have on the world. It is that India is now striving for a "broadband for all" policy. That will be huge. It will have 800 million people accessing the digital economy, and they are wonderful co-operators or competitors with Canadians. The access to that kind of economy is going to be huge. Remember that until the Second World War, our number one trading partner was the Commonwealth. This is just another global gateway to what was our natural advantage in dealing with the Commonwealth to begin with.

We have been advocating the Commonwealth approach—the Indian approach—for 10 years now. In India, for broadband for all, they are gathering all the stakeholders together. They're coming up with a national plan for the telecom providers, the ISPs, the government agencies and municipalities to come together and say, here's how we're going to do this, here's how it's going to work, and here's what it's going to cost.

A few years ago, we had the pleasure of having the head of the smart communities movement in India come to Canada and speak at one of our conferences. The plan he revealed was stunning to us, because we're not used to thinking on that scale. He said that this was going to be the number one public expenditure of any government anywhere in the next few years. That's what we're up against here.

They're taking off from the point that this is the number one thing people want these days. It's the Internet. This is a poll, not my own thought. They want it more than a car, more than chocolate, more than alcohol and more than sex. As I said, these are not my numbers, but there they are. It's the number one heartburn issue for everybody.

We are suggesting that we need two things. We're copying that Indian example, but we had the idea first. We'll pull the stakeholders together under a federal seed or catalyst, if you wish—it need not be a federal program—and then drive it forward and expect to spend, on a sustained basis, the kind of money that India would be putting into this. After all, we'd be creating a fourth utility, like the road system or the sewage system or the power system. This is the scale we have to think about. It goes coast to coast.

I used to live and work on the salmon boats in B.C., for example. I know that very well. I live in Nova Scotia right now, as does Tony. We cover the country. Right now, I'm the EVP of the Canadian Advanced Technology Alliance, which is Canada's largest high-tech organization. I'm able to be here only because of connectivity. I can be anywhere in the world if I want to, at the push of a button. These are the kinds of things we need.

To get that task force of all providers together, we have to copy the SWIFT model in southwestern Ontario—which is a spend of about $300 million, divided among the federal, provincial and municipal governments, and public-private partnerships—for an open network providing equitable coverage to everybody, under municipal control.

Let me stress municipal control, because the age of private telecom companies owning the network is over. We're trying to build a road system now, and you don't build a road for Ford, a road for GM, and a road for Hyundai. You build a road and all the traffic passes on that road. What we have here now is a move away from a return-on-investment model that the companies have, to a return-on-community-value model that the communities have. This patient capital is what we're missing here. It's almost like the co-op model.

People talk about how we don't have networks in rural areas because the market has failed. The market hasn't failed. The market's working fine. The market says that rural areas don't count. I'm happy with that. I used to work for Bell Canada. I worked on a billion-dollar Saudi Arabian contract. If the market is saying that, that's okay. You need something other than the market to dictate your policy. That thing other than the market is a co-op or community values program where the returns for the community come away from the bottom line. They're not detected by providers on their bottom lines. That's what we have to do right now.

It has to be municipally controlled, because these days municipalities have the cheapest networks, the fastest networks and the networks most open to the future. Those are the ones we should be copying, because they are the strongest networks going. They have, for the past 20-odd years, won every Intelligent Community of the Year contest by the Intelligent Community Forum, including several Canadian cities. In fact, more Canadian cities have won that award than those in any other single country.

We know how to do this. The future has arrived in Canada, but it's unevenly distributed.

● (0925)

We need to copy the best, and it's a municipal model going across Canada—open access and citizen control.

I will now turn it over to my colleague Tony to talk about what we have actually done here in reality.

Tony, you might talk about Pictou.

● (0930)

Mr. Tony Walters (Vice-President, i-Valley): Welcome, everybody.

As Barry said, we've done a tremendous amount of work, from the bottom up, analyzing the situation of broadband in the rural communities, mostly focusing on Nova Scotia, as it stands. We've done work on the south shore with a number of communities there. On the north shore, we were involved in the Kings application for CTI funds for broadband network, and we're currently active in Pictou, on the north shore of Nova Scotia.

We've done exhaustive analysis in terms of the demographics and businesses, at-home businesses and separate-building businesses. We've done mapping of dwellings and mapping of roads. We've looked at the topographies of what it actually takes to roll out Internet into these environments. We've come up with quite a good model in terms of understanding what has to be done and how that has to work. It is quite a bit different from what you would look at from a telecom perspective. We're looking at it from the municipality perspective and making sure the needs of their citizens and business are being taken care of through a rural broadband network. That's what our business here has been in the last little while, and we've achieved some good results in that area.

Thank you very much.

The Chair: Thank you, both.

From PEI Select Tours Incorporated, we have Kelly Doyle and Katsue Masuda.

Go ahead, Kelly.

Mr. Kelly Doyle (President, PEI Select Tours Inc.): Good morning, Mr. Easter. Thank you, Chair, for listening to us.

My name is Kelly Doyle, and this is Katsue Masuda. She's my operating manager. We own and operate P.E.I.'s only 100% Japanese tour company. We've been based in Charlottetown for the last 18 years. We supply guides for a tour company all over the Maritimes: Nova Scotia, P.E.I. and New Brunswick. We also provide Japanese-speaking guides to Prince Edward Tours.

We employ a dozen drivers and a dozen guides each year. We are a unique company to P.E.I. We service a niche market to P.E.I. We're the only ones who service the Japanese industry. Because of the nature of our business, our clients are all Japanese, and that requires specialized staff. Our staff need to be fluent in Japanese and English, have a good understanding of Japanese culture, and have knowledge of P.E.I. and *Anne of Green Gables*, which is the best-known attraction to the Japanese people.

As we have proven in the past with our job bank search, it's very difficult to find Canadian landed immigrants to fill these positions as guides. We need these professionals to maintain the quality of our services to the industry. This job requires fluency in Japanese language, both written and oral, and it also requires an in-depth knowledge of Japanese culture and customs. We believe it is extremely difficult to find Canadians to meet these requirements or to train Canadians to learn the culture and the Japanese language. It's just difficult for Canadians to learn Japanese.

Our customers often say that it has been their dream for many years and decades to come to P.E.I. We feel obligated to supply a professional guiding service to them once they get here.

Some Japanese permanent residents do live in P.E.I. However, they are mostly housewives with children. It's very difficult to find people to work late nights and early mornings, which we do a lot of at the airports. Most of them who are looking for a job are looking for a year-round job, not something for six months.

There are a lot of Japanese landed immigrants living in the Vancouver and Toronto areas. However, it's difficult to hire them in Prince Edward Island. We do try to attract them every year for a six-month position. There are a few Japanese with working holiday maker visas. These are young people under the age of 30 who can travel and work anywhere in Canada. However, these young people often lack experience in working, or any experience, and most of them don't speak very much English at all. They're really not much good for our positions because of their youth and because they can only stay for one year.

These positions require good experience in the Japanese tourism industry, with good customer relation skills and fluency in English. Once we hire these people and train them, it's very difficult to get the working permits to get them back for the next season, which means we just spent effort, a lot of money, and a lot of time by Ms. Masuda here to train these people. There was a lot of effort on their part to learn how to professionally guide on P.E.I. and learn all about *Anne of Green Gables* and Lucy Maud Montgomery.

Here's one thought for our tourism industry, though. Our biggest draw is the Anne of Green Gables place in Cavendish. This place closes on December 1, and it doesn't open until April 14. We've asked them on numerous occasions to open for us, and they just won't. If Parks Canada could find it in their heart to let us open by appointment, it would help us stop turning down our customers in Toronto and Vancouver who are asking to come in the winter months. We might be able to bring more of the tourism industry partly to P.E.I. in the wintertime. We could actually grow this industry a little bit if that house opened for us. Anyway, that's just a thought, if that could ever happen.

Our immediate problem, however, is the guide problem. Each year, we have some experienced guides willing to come back and work with us for the season. As a result of hiring these skilled foreign workers, there will be more Canadian jobs created in the tourism industry. As I said, right now we are hiring 12 full-time and part-time Canadian drivers, and would like to hire more accordingly. If more Japanese people come to Canada and P.E.I., then they will utilize more restaurants, accommodations, gift shops and other tourism attractions. They'll also leave a lot more yen in Canada than they usually do.

● (0935)

They are very good spenders, by the way. The Japanese leave a very small footprint here, and they're very cordial, nice tourists. I think P.E.I. would miss them if they didn't come here every year.

If we don't have skilled guides, we will have to turn some business down, as we did this year. We had to turn down some business, because we didn't have our guides. The guides we do have here, we actually brought them to the point of working a lot of overtime, which is very costly for me. They like to enjoy P.E.I. and don't like to work 50-60 hours per week, either. It's all because of a shortage of young ladies who are willing to come here. I just can't get them here. We understand why the government put such laws and regulations into place to protect Canadian jobs. However, because of the nature of our business and the uniqueness of it, it forces us to import temporary foreign workers for these positions.

Currently, the temporary foreign worker program is not reliable and is very unpredictable. This spring, we applied for three temporary foreign worker permits and got approved within two weeks for one of them, but the other one took four months. By the time we got the girl to P.E.I., it was July, and we missed two or three of our busiest months by overworking our other girls and actually turning down some business.

The temporary foreign worker program has been our problem consistently for 10 years now, and it costs companies thousands of dollars in applications and time. These are costs that are really difficult to chew up every year for a small company that runs for six months of the year.

In closing, this application process takes too much time and is very unpredictable. We at PEI Select Tours are expected to provide professional guides who are fluent in Japanese for these clients. We rely on these experienced guides to work with us, and if the visa is not issued in time, it leaves us no time to hire or train new guides. It takes a year, by the way, to train a guide, not to mention that airline tickets skyrocket in June. When we finally know we can get a ticket, it has actually doubled in price from the time when we could have bought one.

These people know what I'm talking about for the temporary foreign worker program. I'm sure you know what I'm talking about. The way the system stands right now, it's very difficult for P.E.I. and our business.

Thank you very much for your time. From Katsue and me, thank you very much.

The Chair: Thank you very much, Kelly.

In fact, I met the Japanese ambassador to Canada last week, and he talked about the hours and that Anne of Green Gables was not open in the wintertime.

For the first round, we'll go to Mr. Fergus for seven minutes.

● (0940)

[*Translation*]

Mr. Greg Fergus: Thank you, Mr. Chair.

[*English*]

The Chair: If you can put on your headset for translation, it will come through for you.

[*Translation*]

Mr. Greg Fergus: First, I would like to thank all the witnesses for their presentations, which were very interesting. I would like to discuss a few things further.

I absolutely have to ask you a question, Mr. Durant. You said you would like to receive $50 million to invest in the activities of the Atlantic Salmon Conservation Foundation. Would that be a one-off contribution?

Would that amount be enough to address your industry's concerns or needs?

[*English*]

Mr. Mike Durant: Mr. Chair, I would like respond. Thank you.

Yes, it is a one-time contribution that we were looking at. It would be an increase in the trust fund. Currently, ASCF receives approximately twice the capacity in terms of what it can fund for project proposals. The invested value of the current endowment fund is somewhere in the realm of $45 million. An additional investment of $50 million would enable ASCF to provide approximately $2 million to $2.5 million annually. That would double the current project capacity that it could fund.

[*Translation*]

Mr. Greg Fergus: Thank you very much.

Mr. Corkum, I heard your first recommendation about shared custody.

I would like to further discuss the truckers issue with Mr. Schut and Mr. Kelly. This is a very serious situation, and it is not the first time the committee has heard about it. As I understand it, you need immigrants to make up the shortage of workers in your industry. Is that correct?

[*English*]

Mr. Mike Schut: This is correct, yes.

[*Translation*]

Mr. Greg Fergus: That reflects what the Charlottetown Chamber of Commerce said about the need to change the classification not only to attract more immigrants, but also to make things financially easier for their spouses so they want to stay in the region.

[*English*]

Mr. Mike Schut: Yes, that's correct. What we find—and as far as I'm aware, this does exist in one of the provinces across Canada now—is that when the individuals come in on NOC level C, which is low-skilled worker, temporary foreign worker program, they are able to obtain their work permit immediately, obviously at the port of entry, upon coming to Canada. The spouse, especially in the long-haul trucking industry, has to sit in the apartment with the children, unable to work, while the husband is away on the road for five to seven days at a time.

Allowing spouses to obtain a work permit, an open work permit, at the time of entry for the same time period as their spouse's work permit would not only increase retention rates within the area, but decrease turnover rates because of frustrations and because of the cost of moving to Canada. It would also put more tax dollars into the system, with one more person in the household earning money, paying tax dollars and having more disposable income in the household.

[*Translation*]

Mr. Greg Fergus: Mr. Schut, I have another question for you, but I'm not sure if you will be able to answer. I am definitely in favour of welcoming more immigrants. My parents came to Canada and created wealth and prosperity not only for themselves and their family, but for the whole country. I think their example is typical of most immigrants to Canada.

This is a special case involving a shortage of workers. Do you think you would say the same things if the economy were not doing as well as it is right now?

● (0945)

[*English*]

Mr. Mike Schut: Yes. There is a definite shortage. We need drivers to keep the Canadian economy moving. I am a first-generation Canadian, as well. My parents immigrated from Holland in 1954. When I got into the transport industry in 2000 and started into this program in 2004, I saw the need, definitely, when I saw the numbers at that time on where the shortage was going to be. We simply aren't producing the number of long-haul truck drivers in Canada, through the schools here, that is needed to sustain the economy, the way it's going.

[*Translation*]

Mr. Greg Fergus: I heard the same thing in Quebec and Ontario, so I sympathize with you.

Ms. Evans and Ms. Walsh-McGuire, I am very interested in your fifth recommendation regarding NAFTA, as well as the need to diversify our economic dealings with other countries, specifically through the Canada-European Union Comprehensive Economic and Trade Agreement, and the free trade agreement Canada is seeking with certain Asian countries.

We had those negotiations and the framework is there. What can we do to encourage your members to take advantage of the opportunities in Europe and Asia? We know full well that our neighbour to the south is so close and that it is an easy market to access. Thinking outside the box takes effort. Can you suggest what we might do to encourage your members to direct their efforts to other markets in addition to the United States?

[*English*]

Ms. Jennifer Evans: Thank you very much for the question.

I think the Province of P.E.I. has always had a great working relationship with our trade team Canada and with our federal partners here through ACOA in terms of providing our P.E.I. businesses with an opportunity to see outside our borders and perhaps outside of just the United States.

This is, I think, a wake-up call for all of us, with regard to the recent negotiations. The United States was always our easiest point of entry, because it's safe, it's close and we can drive there often. It's a culture that we can identify with.

I think what we have learned in recent months is that we have to see a much broader picture, and that the rest of the export markets are going to have to be a third and fourth choice for us because we may not have a choice in the future.

[*Translation*]

Mr. Greg Fergus: I agree with you—

[*English*]

The Chair: I'm sorry, Greg. We're out of time.

Mr. Kelly, go ahead.

Mr. Pat Kelly: Thank you.

I'm going to start with you, Mr. Corkum. Thank you for raising the issue of shared custody. This is an issue that I suspect many of my colleagues have heard about in their constituency offices in regard to the unfairness that is inherent. It seems to me that there is inconsistency between the Divorce Act and the Income Tax Act. Would you agree?

Mr. Blair Corkum: I don't think there is, actually. The Divorce Act makes it clear that children come first. I was on the federal advisory committee to the deputy ministers of the Department of Justice back when the new child support legislation was introduced in 1997. The focus is on the children. The issue arises, in my opinion, because the Income Tax Act section I quoted, subsection 118(5.1), was introduced in 2007 to fix a problem with shared custody.

Because of the wording of the act.... Of course, the judges have to interpret the legislation as it is worded. It's tied to the wording of "a legal obligation to pay". When the separation agreements are drafted, the drafter happens to say, "Well, instead of you writing each other a cheque, why not just write the net amount?" Just because the agreement says to pay just the net amount, all of a sudden there's only one obligation to pay the net amount. If that simple little wording is left out of the agreement.... That's the wording.

● (0950)

Mr. Pat Kelly: Thank you.

Ms. Evans spoke of the reasonableness test as being "invasive and impractical". As a tax planner and a tax expert, do you agree?

A voice: No question.

Mr. Blair Corkum: I'm sorry. I didn't realize the question was coming to me.

Voices: Oh, oh!

Mr. Pat Kelly: In the tax changes that were proposed and will be coming into force, we still have this so-called reasonableness test. Do you also think that it's invasive and impractical?

Mr. Blair Corkum: Actually, I do not. I don't think it's invasive and impractical, but I do think it misses an important piece.

When I grew up, my father was self-employed, and I didn't see my father a lot of the time—I worked with him a lot, too. The whole family is affected.

My response to those proposals was that there should be a de minimis amount that can be shared among family members regardless of participation in the business. I've been in business for 40 years. There are reasonableness tests already there. I'm not as strong an opponent, but I still don't believe that the new legislation meets the mark.

Mr. Pat Kelly: Would you recommend, then, that this be addressed and rescinded in this budget, perhaps?

Mr. Blair Corkum: I agree 100% that it needs to be at least changed.

Mr. Pat Kelly: Thank you.

I'll move now to you, Ms. Walsh-McGuire. Budget 2018 was almost 400 pages long, if I remember correctly that book that came out, and it didn't contain any date for a return to balance, which you've noted in your opening remarks.

I'd like you to share with the committee further why it's important that there at least be some type of plan for a balanced budget. Every province and territory has some type of a plan for a balanced budget, even if they do not presently have one.

Go ahead.

Ms. Penny Walsh-McGuire: Clearly, we understand that government must identify many pressures and priorities when developing a budget. We certainly cited concerns with a projected deficit of over $18 billion in the 2018 budget and the lack of planning to get to balance. I think there is a concern. As we've seen over the last year, we need to be in the mindset that when times are good government should be looking for ways to address the country's growing deficit, not add to it.

We recently returned from the Canadian Chamber of Commerce resolutions debate in our national meetings. There was a good debate and a good discussion about what debt-to-GDP ratio our country should be striving for. I don't know if anyone knows, but I think it's nearly 90% right now. I wouldn't be one to specify or dictate what that should be. I don't even know that it was clarified at our meetings, but I think a debt-to-GDP ratio needs to be identified for our country that allows us to prepare for headwinds, uncertainty and challenging times that could be ahead. We certainly hope not, but they could be ahead.

Mr. Pat Kelly: Thank you.

Are there any further comments from your members on the tax changes for private corporations?

Ms. Penny Walsh-McGuire: We certainly followed that process very carefully as it unfolded. As Jennifer, our president, mentioned, reasonableness has to fill the lack of clarity for our members. One thing that we hear around our table is that we want to have open dialogue with government and not be hosting town halls across the country about tax changes. That's not where we want to be in terms of an open and collaborative dialogue. It was uncertain times for business and small business, and that's not where we want to be.

● (0955)

Mr. Pat Kelly: Thank you.

The Chair: You have time for a quick question.

Mr. Pat Kelly: Perhaps one last word on the carbon tax. You talked about revenue neutrality, and certainly increasing a tax at the provincial level is not revenue neutrality. I'll let you elaborate further on your thoughts.

Ms. Penny Walsh-McGuire: We understand that the Province of P.E.I. has submitted a detailed climate change action plan to the federal government as of the September 1 deadline, aimed at addressing the responsibility that we all hold in combatting climate change. The plan has not been made public. We've been in contact with the provincial government to try to get an understanding of what that made-in-P.E.I. solution is. Although we're not privy to the details, we would be supportive of a plan that's fully costed and fiscally responsible and that would certainly meet emissions targets.

I know that if a federal carbon price is to be applied, it will not inhibit our competitiveness as a country.

The Chair: Thank you, all.

Peter Julian, go ahead.

[*Translation*]

Mr. Peter Julian: Thank you very much, Mr. Chair.

I want to thank all the witnesses. The testimony we have just heard is truly informative.

Mr. Gander and Mr. Walters, thank you very much. I do not have any questions for you—unfortunately I don't have the time—, but I completely agree with what you said. It is certainly desirable and welcome.

[*English*]

Mr. Doyle and Madam Masuda, *konnichiwa*.

I represent the area of British Columbia that has the highest concentration of Japanese Canadians, and that's where the Nikkei centre and the Japanese-Canadian cultural archives are found. It's also the area that has the greatest concentration of Japanese language programs.

To what extent have you been in contact with the Nikkei centre to recruit people who speak Japanese and English and would be able to help build your business? To what extent are you contributing to the P.E.I. economy? What's the dollar value generated every year from tourism coming from Japan?

Mr. Kelly Doyle: I'm sorry. I'm not prepared with exact figures.

Ms. Katsue Masuda (PEI Select Tours Inc.): Well, for the Nikkei centre, or for any Japanese community in Vancouver or the B. C. area, and actually for tour companies all over Canada, we are struggling for the workers, the tour guides. We do have a job fair and so on within the Japanese community, too. For us to go and visit Vancouver for a day to join a job fair is really costly and difficult. We actually didn't go, but we have an associate company in the Vancouver area, so we always send the word if anybody wants to work with us in P.E.I. It's really hard. In the B.C. area, they have 12 months of the year of employment. Actually, we had an inquiry from an experienced guide, a landed immigrant from B.C., but we had only six months, so they turned it down. It's really difficult to attract a landed immigrant from the B.C. area or Toronto. We do have job advertisements on Japanese community tourism boards on the Internet and so on, but it is really difficult.

Mr. Peter Julian: Thank you for that. Maybe we can talk offline afterwards. I think that may be a partial solution to the problem you've raised, though I don't discount the overall issues around the temporary foreign worker program. It's a real problem. Thank you for that.

I'll go to Mr. Schut. I thought your figures were quite compelling. If I understood correctly, you said there's a 59% annualized turnover rate in drivers.

● (1000)

Mr. Mike Schut: That is correct, yes.

Mr. Peter Julian: Oh, wow. That's astounding. It's very difficult to continue with a business when you have that high a turnover rate.

I personally believe that the temporary foreign worker program needs to be overhauled, and we need to be looking to give immigrants who have skills that meet the skill shortages that we have in Canada the ability to come to Canada. If they're good enough to work in Canada, they should be good enough to live in Canada, bring their families, and settle in Canada, in places like Charlottetown in Prince Edward Island.

Would you recommend to us, as part of our report, to really advocate for a complete overhaul of the temporary foreign worker program, to the extent that it's actually more a skilled immigrant program, so that people can come to Canada and set down roots here?

Mr. Mike Schut: There definitely needs to be a review of the temporary foreign worker program. The bottlenecks that are created now in the process are just astounding. We probably do about two or three applications a year for 25 unnamed positions. While the payment from us is received generally in less than five business days, the actual approval can take up to six or seven weeks to come through. Once that approval comes through, what we're experiencing now is upwards of three additional weeks to actually have a name placed on the LMIA to allow that person to come into Canada. These bottlenecks cost money. There definitely needs to be an overhaul to it.

We are fortunate enough to be able to apply under the low-skill/high-wage category, which does assist in the application process. I believe that process came into effect about two years ago, with the last overhaul of the program. Yes, there definitely needs to be a change.

There is a need for temporary foreign workers in Canada, low-skill and high-skill; it doesn't matter. There is a definite need within Canada for all of them. My primary focus is the truck drivers, obviously.

Mr. Peter Julian: Yes, I understand. I guess I'm suggesting that when we're looking at long-term jobs, we could actually look at a program that, as we did generations ago, welcomes immigrants to Canada not as temporary foreign workers, but actually as being able to set down roots.

For example, you mentioned an employee, your second TFW, who's worked with you for 13 years. When was he actually able to become a Canadian citizen, or is he still on the TFW?

Mr. Mike Schut: No, he is a permanent resident. He renews his permanent resident card every five or seven years. I'm not sure which it is; I think it's five years.

Mr. Peter Julian: But he's still not a Canadian citizen.

Mr. Mike Schut: He has not become a Canadian citizen yet. I haven't asked him why. I know there are some barriers in that whole process as it relates to the long-haul truck drivers who exit Canada for trucking purposes—the number of days they're required to be in Canada to get that citizenship.

Mr. Peter Julian: I think that's identifying another problem. That's someone who has worked here for 13 years and contributed to P.E.I. and Canada, and they're still not able to become a Canadian citizen.

Thank you.

The Chair: You're out of time. That seven minutes goes by so fast when you're having fun, Peter.

Mike, you said that going from NOC C to NOC B would make a difference in getting temporary foreign workers for long-haul trucking. Can you explain why long-haul truck drivers should be considered skilled workers? In this day and age, you have to be a skilled worker to drive a truck, I'll tell you, but they're not considered as such. What difference would it make if the system were changed to call truck drivers NOC B rather than NOC C?

● (1005)

Mr. Mike Schut: Why should a long-haul truck driver be considered a skilled worker, as opposed to a low-skilled worker? In my paper, I presented a lot of reasons why. It's not just getting a licence and going down the road. There are ongoing certifications, ongoing medical examinations, ongoing licensing and testing, not just for driving the truck, but standard operating procedures for all the companies they deliver to or pick up from. There are continual changes to the requirements for crossing the international border as far as paperwork goes, CBSA requirements, and requirements for customs and border protection in the U.S. One slight mistake on that can cost $10,000 to $16,000 as far as penalties and assessments go. These gentlemen and ladies need to know what they're doing and need to be on top of their game.

The Chair: Thank you.

Mr. Sorbara, we'll go to five-minute rounds.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, everyone, and thank you for your presentations.

There are two issues. The first is the labour supply that's available to organizations. Our labour demands are obviously not being met. Some of the comments were around the temporary foreign worker program and the LMIA process, of which I'm very aware in Ontario and which is very cumbersome, I would argue.

When you make a mistake, you sometimes have to start right from the beginning. It would be like going on a road trip, getting pulled over for something, and having to go all the way back home to start again. It doesn't really make sense. I feel for you there. That's something we're going to have to seriously take a look at.

I wish to speak to the Chamber of Commerce on some of their remarks. As an economist, as someone who has worked on Wall Street and Bay Street, I would argue that the best measure of a country's financial position is its net debt-to-GDP ratio. In Canada it's about 31%. It's trending lower. In fact, I'll read to you part of the Parliamentary Budget Officer's fiscal sustainability report from September 27, 2018.

> Current fiscal policy at the federal level is sustainable over the long term. PBO estimates that the federal government could permanently increase spending or reduce taxes by 1.4 per cent of GDP ($29 billion in current dollars) while maintaining net debt at its current (2017) level of 31.1 per cent of GDP over the long term.

We have the lowest net debt-to-GDP ratio in all the G7 countries. We have an AAA credit rating, which has remained unchanged, thankfully.

The former Liberal administration of Paul Martin and Jean Chrétien fixed a number of things that needed to be fixed. I would argue that we are on the exact fiscal track that we need to be on, and our net debt-to-GDP ratio is declining. In fact, a lot of our fiscal gap is quite prudent. I'm going to stop there.

Blair, I have a quick question. There's one thing that you didn't bring up that I thought you'd bring up in terms of seniors planning, and that is the survivor benefit, the 60%. Someone passes away, and they are the spouse who is collecting CPP. Usually the male passes first, and he's the one collecting CPP. Many women haven't been in the labour force as long as men have, especially in that older generation. They're left much worse off, because they can only collect 60% of their spouse's benefit. I would, in fact, argue for a policy change to be implemented that would allow them to collect 100% of their spouse's benefit but maintain the cap at the current level of CPP, which is $1,100 and change. I believe I know what I am talking about there.

That would be another step toward eliminating seniors' poverty, especially among women seniors and single seniors. Is that correct?

Mr. Blair Corkum: That's correct. You don't ask for too much at one time, so stay tuned for the future.

Mr. Francesco Sorbara: I have one more question, and that goes to the trucking association.

Are millennials or young folks interested in a trucking career, or are we entirely dependent on foreign-sourced labour?

● (1010)

Mr. Tyson Kelly (Vice-President, Sales and Logistics, Bulk Carriers PEI Limited): There has not been education toward millennials in regard to becoming a transport driver. It is a very tough life. We have to work harder as an organizations to present that to the schools. I think that is going out with APTA. They've started a program now. They're going to all the counsellors at the schools and starting to try to provide more information to the students so they can at least have the option.

To answer the question, it's a tough life, and for the millennials we've been dealing with, that's definitely not what they want.

Mr. Francesco Sorbara: That also extends to Ontario. We have a similar issue regarding the trades. What I'm trying to argue for is what's called in the German model the parity of esteem, looking at a trade as equivalent to getting a sociology degree or a law degree. I think there needs to be a little change in mentality toward truckers, drywallers, plasterers or masons. I want to end it here.

It is a good day, in that we have some certainty with regard to the NAFTA agreement. We'll all look at the details and parse them. I hope the chamber of commerce will chime into this. Wouldn't you agree that it is a good day?

P.E.I. is an export-driven economy. It's an economy that benefits from tourism. A lot of international tourists come here. We have CETA, which I understand is good for the lobster fishers here, and it's good for the overall economy of P.E.I.

I'd love to get your take on that, please.

Ms. Jennifer Evans: Absolutely. I think there was a collective national sigh of relief last night when that agreement did come through. Today will be spent analyzing the details to see what the repercussions and the consequences are for our P.E.I. businesses and Canadian business.

Mr. Francesco Sorbara: The Atlantic immigration pilot program made permanent is, I think, an excellent idea.

Ms. Jennifer Evans: Thank you.

The Chair: Ms. Alleslev, go ahead.

Ms. Leona Alleslev: There were too many fantastic presentations to be able to get to all of them. I'd like to focus, though, on Mr. Gander and Mr. Walters for the moment.

Your premise is that, absolutely, it should be a national strategy. This is no different from the railway of 1867. We need to have a digital infrastructure, which is essentially our ability to communicate with Canadians directly.

You mentioned that you want it to have municipal responsibility. Why not federal responsibility? We need to have that map to make sure it has gone from one end of the country to the other—a bit like in London, where the federal government owns the public transit.

Mr. Barry Gander: I'll clarify that. I didn't mean that the federal government should not be involved, but the municipal government should end up owning and controlling the network. It does in SWIFT. The federal government contributes, as do the provincial government and the municipalities. But ultimately the network is controlled by the municipalities. It's not owned by the municipalities. The companies own the network, and that's fine, as long as they agree and are controlled by the municipalities in saying how it would be run, how open access should work.

A vendor cannot put a network together that's open access. It just cannot be done.

Ms. Leona Alleslev: So it would be a federal strategy, federal standards, municipally operated, and then a combination of ownership.

Mr. Barry Gander: That's right, yes. That would be absolutely fine.

Municipality, of course, means rural as well, because there are communities within sight of the CN Tower that have appalling service, and it's because they're in a rural municipality area. I called together a meeting of the mayors in the northern part of Toronto to hear from Brad Woodside, from Fredericton, because the Atlantic is ahead of Ontario in many ways. They were stunned to hear what they needed to do to pull themselves together to get Toronto up to the speed of Fredericton.

Ms. Leona Alleslev: Yes, it's outstanding.

Mr. Barry Gander: This community is strange.

Ms. Leona Alleslev: So there's a sense of urgency.

Mr. Barry Gander: Yes.

Ms. Leona Alleslev: Thank you.

Ms. Evans, I'd like to get your perspective on NAFTA. Is there a sigh of relief because we have a deal or because there are some specific things that you believe are better than what we had before? Typically, when you renegotiate a trade agreement, you make things better. Could you tell us whether you're just relieved that there is a deal, because any deal is better than no deal, or whether there are specifics that are better?

● (1015)

Ms. Jennifer Evans: Certainly, last night it was relief that there was a deal. It is too soon for us to comment officially on what our position is on the deal. We are just going over those details today, and we'll see where the chips fall. It's a little premature for us to have a formal position on the details.

Ms. Leona Alleslev: That's fair enough.

Could you give me an impression of how much of an economic impact NAFTA has on P.E.I.?

Ms. Jennifer Evans: Oh, it's absolutely huge. Our primary industries are export markets, and the United States is our primary trade partner. Even though we may be a very small province, trade is a huge concern for us. We heard loud and clear from our members the level of concern, so I think we are certainly representing our members today by saying that everyone's feeling a little better about the fact that we've gotten this far.

Ms. Leona Alleslev: How much focus, then, have you and P.E.I. put on leveraging this new CETA agreement? Do you feel you're getting the appropriate support from the federal government and through ACOA to be able to start to diversify?

Ms. Penny Walsh-McGuire: We have, obviously, been focused on what is happening south of the border. To answer your question, in 2017 P.E.I.'s exports to the U.S. were $1 billion, so it's significant for our province and our economy.

In terms of CETA and the Pacific trade agreement, I have a couple of things to build on what Jennifer said before. We work closely with EDC. We work closely with our provincial and federal trade partnerships. We do hear that education is key, that it seems overwhelming. As Jennifer noted, the U.S. is familiar to us; they've been a trading partner for many decades. We need to open up a familiarity with Europe and pan-Asia. We are also hearing from our different sector partners that a sector-specific approach needs to be taken as well.

The Chair: Thank you, all.

Mr. Fragiskatos, go ahead.

Mr. Peter Fragiskatos: Thank you, Mr. Chair.

Thank you to the witnesses for their excellent presentations. As a first-time visitor to P.E.I., not just Charlottetown, I have to say it's a great way to begin the week.

My question goes to Mr. Schut. We spoke even before the meeting, and I sympathize very much with everything you've put on the table today in terms of your policy recommendations and the specific programming changes that you've identified as necessary. I sympathize because we hear the same sorts of concerns in the London region and in southwestern Ontario as a whole when it comes to the trucking sector.

But I have to ask, what is the lifestyle of a long-haul truck driver like? I ask that question because if these changes were to be put in place, would we actually see the problem that you're identifying, a truck driver shortage, still being a problem? It's a really hard job. It's a really hard life to be on the road, especially if you have a young family. I wonder if you could speak to that.

Mr. Mike Schut: It's a great question. Thank you.

It is a hard life. You leave and, if you're based out of Atlantic Canada, you are not back home for physical contact with kids or family for probably four to six days. Technology is a wonderful thing, and there's the ability to Skype, to FaceTime, to see your kids, and things like that.

What we are finding is that the temporary foreign worker who is coming in is used to this lifestyle. This is the lifestyle that they know and love. They are on the road in Europe for three or four weeks at a time, and they're tired of the red tape. They're tired of the crime rates. They're tired of the lifestyle. They want a better lifestyle for their families, and they are willing to make the decision to come here, to continue to do exactly what they know how to do, and do very well, so that their families can have a better lifestyle.

● (1020)

Mr. Peter Fragiskatos: I am looking here at the Canadian Trucking Alliance's prediction of a shortage of as many as 48,000 drivers in Canada by 2024.

My question is not to take anything away from what you've put on the table today. I think it's a very serious problem we're facing right now, one that will only stay with us. It's just that I'm the sort of person who wants to think ahead, and I think it's the responsible thing to do here. If we were going to go ahead and make these changes, I want to make sure that they would have a real positive impact and elicit the sorts of results that you and other folks in the sector are looking for.

I want to stay on trucking here, if I could. I'm reading the analysis put forward recently by the Day & Ross Transportation Group. They're based in New Brunswick, and I wonder if this is something that you're also facing. They say that there's a worldwide shortage of labour in the trucking industry, but people don't realize that it's not just drivers. They track emissions efficiency, behaviour, location, and do all sorts of complex things, and they need people in IT, finance, accounting and dispatch.

When it comes to shortages in the trucking sector, is it true that it's not just drivers, but shortages in the sector as a whole? Is that something you've faced in your business?

Mr. Tyson Kelly: It's been right from mechanics and dispatchers.... I think in some jurisdictions it's tougher to hire. We have been fortunate that way here in P.E.I. for stay-at-home jobs. People haven't gone to the west. They're paid well. At the end of the day, from the company's standpoint, they have to be able to provide a high wage and a very valued position in a company that brings employees happiness. If the company doesn't bring employees happiness, they can pay all the money in the world, but no one's going to stay.

I think that's really putting the onus on the companies to have an environment that people want to be part of. Our turnover rate in transport is at 59%. We are quite low from the industry standard. We do a lot of things that are great. Can we do better? Sure. We have to think outside the box about how we're going to do it, but there are lots who are worse off than we are, and I think that being family-oriented really makes us a better choice.

Mr. Peter Fragiskatos: Thank you very much.

I have about a minute and a half left, and I'm going to put a question to the chamber.

Our committee recently heard from Startup Canada, which, as you know, is an organization that is encouraging entrepreneurship in this country. I followed up with a question for one of their presenters, because I didn't have time to put it to them in the meeting. I asked what they would like to see, aside from tax changes and regulatory approaches.

They made the case that it's really important—even more important than tax changes and regulatory changes—to emphasize access to capital for entrepreneurs, especially when it comes to pursuing tech-intensive innovation. When they decide to set up shop somewhere, firms are looking for strong universities, airport infrastructure that facilitates international connectivity, English-language proficiency in communities, and international patent rights protection.

What I've heard here today from the chamber is the emphasis on tax changes and regulatory changes. Don't get me wrong. I have respect for the chamber. I understand where you're coming from on that, but would you agree that there are all sorts of other factors at play that need to be emphasized?

And if we're going to talk about corporate tax changes in Canada, would you acknowledge that there are many commentators who have looked at what Mr. Trump has done in the United States with respect to corporate tax changes? They're talking about what that will mean for debt burden in the United States and for future generations.

That has to be a major concern for you.

● (1025)

Ms. Penny Walsh-McGuire: Most certainly. I think we're acknowledging that what is happening south of the border could have a short-term or long-term impact on our businesses in Canada, both small business and corporations.

I'll note that P.E.I. has the largest entrepreneurial entrance per capita of any province in the country. We have a growing and very successful entrepreneurial community here, start-up community.

We would certainly echo the highlights from Startup Canada. We feel that skills development, access to capital, access to research support, and starting the entrepreneurial culture at a very young age are important.

I'll just go back to that burden, because I didn't have a chance to respond to your colleague. I think that if we are feeling very confident—and economists are confident about where we stand financially—then we should set a plan in place and commit to it in terms of debt-to-GDP target. That was our point there.

As chambers, we have to talk about taxes. We have to talk about regulations. We have to provide the support for an entrepreneurial community that is growing and very successful here in our province. Many of the points you noted, such as access to capital and regulatory burdens, are still there. They're barriers, so we have to recognize those.

The Chair: Thank you, all.

We will have time for one last question for Mr. Kelly.

Before I get there, it was about the temporary foreign workers, both with Bulk Carriers and the island tours. There are 17 trucks without bums in the seats, if I could put it that way.

We're talking about competitiveness in the economy. That's our theme.

A number of us got here on the plane last night at about 2 a.m. In terms of PEI Select Tours, I know that when we're trying to get temporary foreign workers in for Kelly Doyle, the workers are burned out. They are supposed to be in at 12:30, and sometimes it's not until four in the morning. I come in and I see them.

Regarding the system itself, do you have any comments? You need truckers. You need people. There's no urgency in the system. I guess that's what I'm trying to say.

How do we deal with that problem? Can you make a point about the urgency of the system and getting an application through the system now, not restarting an application and waiting another 30 days, which I know happens all the time?

Do any of you have any comments?

Mr. Kelly Doyle: I just know that our industry is really time-sensitive, because we only have six months of the year to make it. We go out to Vancouver next month and we'll plan next year with 15, 20, or 30 different companies to bring people to P.E.I.

When we're doing that, we're just naturally assuming that we're going to have the guides to fill the positions for all the people who are coming. We plan as though we're going to have them. However, when they get here, we find out that our application, which has been put in for a month, was left on somebody's desk and hasn't even been looked at yet; or they've actually changed the application in the past. From the time we put it in until it got read, the application had been changed, and then we had to pay another $1,000 to put in the new application because what we put in the first one wasn't right for the second one.

That sounds crazy, but the urgency is that we have time-sensitive businesses here that can only run for six months. I don't get these tours in December or January.

The level of guiding has to be up to snuff for the Japanese people or they will find another destination to go to.

The Chair: Mike, do you have any comments?

Mr. Mike Schut: Yes. It's a regional processing centre here in Atlantic Canada, based out of Saint John, New Brunswick. You send in an application, and right now, you don't know who is going to be reviewing that application. It might be a new person who was just trained.

I would recommend that individuals within that processing centre be specialized in areas of the industry, so that the questions asked are not the same ones on every application, time after time. We've been using the program since 2004. My answers to the questions are the same every time we apply.

There are individuals who have repeatedly reviewed my applications and processed them in a very expeditious manner, and there are those who cause extra questions to be answered, which have been answered previously.

Once it is approved, with the time it now takes to get a name assigned to it, we apply for a blanket 25 positions. We don't know the names at the time of application, but we determine those over time. It should not take another three or four weeks to have the name put on the LMIA. It should be a quick turnaround.

I have 10 applications that have been sitting in the hopper now for the past two and a half weeks. I still don't have them to send to the individuals, some of whom are here in Canada ready to start.

● (1030)

The Chair: Pat, you may ask the last question.

Mr. Pat Kelly: Thank you.

I'd like to allow Ms. Walsh-McGuire another moment to further respond to some of the numbers that came out, in part from my colleague Mr. Sorbara. He mentioned the debt-to-GDP number, which sounded as though it reflected only the federal government debt. Most of the provinces, of course, are pretty much basket cases in terms of systemic deficits with no end in sight.

When you look at the entire burden of government debt on the Canadian economy, and coming through a period where, as many analysts think, we might be getting close to the peak of a business cycle, with recovered commodity prices and a real estate boom that has been under way, we have all this wind in the economy's sails, yet the federal government is still running a significant deficit.

Can you comment a little further on the wisdom of that? Can you talk a little more about the numbers for debt-to-GDP that actually include all of the government debt in Canada?

Ms. Penny Walsh-McGuire: I opened my remarks about the fiscal situation of our country with the comment that there are a lot of priorities and pressures on the budget each year.

We recognize that here in P.E.I. we've seen significant investment in infrastructure, in our airport, our port, our Trans-Canada Highway, and I could go on.

I won't get into the numbers. We could debate the economists' perspectives all day. I would just reiterate that the perspective from the Canadian Chamber of Commerce and from our chamber is that times are good, so let's get a plan in place such that when those headwinds do hit, which some economists say is coming, we're ready and we're prepared. That would be my summary comment, that we have a plan in place as a country.

Mr. Pat Kelly: Perhaps this year we'll get a date in the budget.

The Chair: We leave the last word to you, Mr. Kelly.

We thank all the witnesses for their presentations. Thank you, Barry and Tony, for coming from Nova Scotia.

We will suspend for about 10 minutes and reconvene at 10:45 a.m.

● _____ (Pause) _____ ●

● (1045)

The Chair: We will reconvene.

As I think everyone knows, we're the finance committee, and we're doing pre-budget consultations for budget 2019.

First, I want to thank all the witnesses for coming.

Just to give you an idea of where all our members come from, I will quickly go around the table so members can introduce themselves and where they are from.

Mr. Julian, do you want to start?

Mr. Peter Julian: I'm Peter Julian. I'm a member of Parliament for New Westminister—Burnaby, on the other side of the country. I'm very glad to be here in Charlottetown.

Ms. Leona Alleslev: I'm Leona Alleslev. I'm from Aurora—Oak Ridges—Richmond Hill, which is in Ontario, just north of Toronto.

Mr. Pat Kelly: I'm Pat Kelly. I represent Calgary Rocky Ridge, the northwest suburbs of Calgary.

The Chair: I'm Wayne Easter, just from outside of Charlottetown.

[*Translation*]

Mr. Greg Fergus: My name is Greg Fergus. I am the member for Hull—Aylmer, from another beautiful province, Quebec, right across the river from Ottawa.

[*English*]

Mr. Francesco Sorbara: I'm Francesco Sorbara, from the riding of Vaughan—Woodbridge, bordering the city of Toronto and York region. It's great to be back here in lovely P.E.I., especially in the fall.

Mr. Peter Fragiskatos: Good morning. I'm Peter Fragiskatos, a member of Parliament from London, Ontario, the 11th largest city in Canada, in case you didn't know. It's my first time in P.E.I., so thank you very much for hosting us.

The Chair: Thank you, all.

If you could keep your remarks to about five minutes, that would be helpful. All members have the written submissions that have been received. We have 524 of those, I believe. They are on their iPads.

Mr. Ghiz, with the Canadian Wireless Telecommunications Association, you have the floor.

Mr. Robert Ghiz (President and Chief Executive Officer, Canadian Wireless Telecommunications Association): Thank you very much, Mr. Chair.

Welcome to Prince Edward Island. It's a pleasure to be representing the Canadian Wireless Telecommunications Association today, which I'll refer to as the CWTA. The CWTA is the authority on wireless issues, developments and trends in Canada. We represent service providers, as well as companies that develop products and services for the wireless industry.

As the Government of Canada has highlighted in its national digital and data strategy consultations, the world is undergoing a digital and data-driven transformation. Digital technologies and the innovative use of data will drive national economies, increase the quality of their citizens' lives, and create well-paying jobs. The advanced wireless networks our members have built in each province and territory are key to delivering this future for Canadians. Our wireless networks offer fast and reliable mobile wireless connectivity. With the current generation of wireless technology, known as LTE or 4G, being available to approximately 99% of all Canadians, and offering the fastest average download speeds in the G7, and twice as fast as those in the U.S., Canada is truly a world leader in wireless.

This leadership cannot be taken for granted. We are at the cusp of the next mobile wireless revolution, the introduction of the next generation of wireless networks, referred to as 5G. It is revolutionary. It will not only enhance current uses of mobile communications but also pave the way for new digital and data-driven businesses and services. There are very few sectors of the Canadian economy that will not be transformed by the introduction of 5G wireless networks.

We recently partnered with Accenture to take a closer look at what 5G networks could mean for Canada's economy. In a report released this summer, Accenture estimated that the deployment of 5G networks will result in an incremental annual GDP contribution to the Canadian economy of $40 billion by the year 2026. By the same time, it will add close to 250,000 permanent jobs. These benefits are possible, but they are not guaranteed. The same Accenture study estimates that $26 billion in investment, primarily from Canada's facilities-based carriers, will be required between 2020 and 2026. This number does not include the amount that must be spent on spectrum necessary to deploy 5G. This is why our recommendations focus on driving and supporting investment.

While we have made a number of recommendations in the brief submitted to the committee in August, I would like to highlight two that will help Canada succeed amid a changing economic landscape. The first recommendation deals with the capital cost allowances. We recommend that the Government of Canada increase the capital cost allowance rates for classes of depreciable assets that relate to telecommunications equipment from 30% to 100%, a policy that has been successfully implemented in the United States already. This would stimulate new capital investment by service providers. In particular, we think it would help stimulate the massive investment needed to deploy 5G networks in Canada.

Studies by the Conference Board of Canada have shown that increasing the capital cost allowance would have a positive impact on telecommunications investments in our country. We would also respectfully point out that the House of Commons finance committee made a similar recommendation in its December 2016 report.

The second and final recommendation I'd like to highlight today deals with R and D tax credits, which we think would help sustain capital investments. Recent changes to the scientific research and experimental development program reduced the relevant tax credit rate from 20% to 15%. While there were some offsets to these reductions, with an increased emphasis on direct funding for R and D activities, we think that neutral tax credits are a better approach. Therefore, we recommend that these tax credits be reviewed, with an eye to restoring them.

● (1050)

[*Translation*]

We believe that implementing these two recommendations will further support the investments on which Canada's leadership in wireless networks depends. Our members are also at the forefront of this data and digital revolution. They are the architects of the basic infrastructure that will support Canada's innovation strategy and ensure that Canadians can adapt to a changing economic landscape and remain competitive across the country and the world.

● (1055)

[*English*]

Thank you very much for your time today.

The Chair: Thank you, Robert.

With the East Prince Agri-Environment Association, we have Mr. Andrew Lawless.

Andrew, the floor is yours.

Mr. Andrew Lawless (Board Member, East Prince Agri-Environment Association): Good morning, committee chair, members, and fellow presenters. Thank you for the opportunity to present to you this morning.

I am here to represent the East Prince Agri-Environment Association. We are a young organization, but in our few years of existence we have greatly influenced the research community by fostering collaborative, hands-on research relationships that have led to accelerated development and adoption of beneficial management practices aimed at decreasing environmental impact.

Our focus is on reducing our environmental footprint so we may protect our farming industry for future generations. We have 18 members, representing 13 farms in the Bedeque area of Prince Edward Island. We are fourth- and fifth-generation farmers, who are raising our young families to appreciate and be proud of the work we do as farmers, and to teach them how important it is to protect our environment.

We have established strong working relations with AAFC researchers and staff from across Canada; researchers and master's students from both UPEI and Dalhousie; research and industry relations staff from the provincial government, both the department of the environment and the department of agriculture; the P.E.I. Potato Board; and watershed groups that boast strong agri-environmental interests. We are greatly benefiting from this interdisciplinary approach used to assess our practices. We are better educated and are more likely to adopt these recommended changes.

We are very pleased with Minister MacAulay's announcement on September 21, 2018 to invest $70 million in agricultural science. The announced funding is targeted at recruiting more scientific professionals and for collaborative research.

We ask that our government consider a policy change that directs scientific staff to work directly with the end-users and find ways to make sure this money can be used at a local industry level. We need direct access to expertise, and in turn they need access to the latest sampling technologies and diagnostic equipment so they can deliver the information to us in adequate time for decision-making.

As an example, we have an industry-owned lab, the P.E.I. Potato Quality Institute, which is in need of a verticillium tester, a piece of equipment that is crucial for making timely decisions during our growing season.

When investing in expertise, we need more technical staff who are hands-on with experiments and with the field work, not just research scientists. From our personal experience, we have a more direct response and a faster response rate from experienced technical staff, which is crucial when trouble-shooting immediate problems with our crops.

On a long-term basis, we need funding to continue research on suitable crop varieties and pest management, in response to fast-changing weather patterns. We need research on variable rate applications for fertilizer, lime and seed.

To protect our water sources, we need more research and trials on irrigation. This research will provide better user information if carried out directly in our local environment, under local climatic and agronomic conditions.

Our association offers the coordination for interdisciplinary research systems to take direction from the end-users and to foster collaborative working relationships built on reciprocal information sharing. Our coordinator can bridge the gap between scientific professionals and farmers.

● (1100)

We thank you for the investments that have been made in agricultural science, and we ask you to ensure those funds are channelled to best address the real problems we as farmers are facing in both the short term and the long term.

Thank you for the opportunity to present to you. We look forward to the results of this consultation process. We welcome any questions you may have.

Thank you very much.

The Chair: Thank you, Andrew.

Turning to the National Farmers Union, we have Reg Phelan, national board member. Welcome, Reg.

Mr. Reg Phelan (National Board Member, National Farmers Union): Thank you.

The National Farmers Union welcomes the opportunity to contribute to this finance committee pre-budget consultation.

The NFU is a voluntary, direct membership, non-partisan national farm organization made up of thousands of farm families from across Canada who produce a wide variety of goods, including grains, livestock, fruit and vegetables.

The NFU was founded in 1969, with its roots going back more than a century. As a general farm organization, our membership reflects the diversity of production systems, farm sizes and farmer demographics across the country. We promote food sovereignty, which is a holistic approach that puts people, food and nature in the centre of the policy picture. That makes democratic control of the food system its priority.

The NFU promotes policies that will maintain family farms as the primary food producers in Canada. The NFU believes agriculture should be economically, socially and environmentally sustainable, and that food production should lead to healthy food for people, enriched soils, a more beautiful countryside, jobs for non-farmers, thriving rural communities and biodiverse natural ecosystems.

The NFU is a leader in articulating the interests of Canadian family farms in analyzing the farms' income crisis, and in proposing affordable, balanced, innovative solutions to basic benefits that benefit all citizens. NFU policy positions are developed through a democratic process by debate, and voting on resolutions at regional and national conventions as governed by our constitution.

Canada's budget 2019 offers the opportunity to fund significant federal policy initiatives to enhance agriculture's role as an economic driver by ensuring farm incomes and farm-created wealth are available to benefit Canadians and their communities. In our submission, we outline ways the federal government can revamp programs and taxation measures to better support multi-functional, while promoting domestic production, and reversing the decline in the number of farmers.

We begin by recommending Canada set an ambitious goal of replacing one-third of Canada's food imports with domestic production. This would bring over 15 billion food dollars back into our economy to foster economic diversification and rural revitalization. It will also answer consumers' desire for more wholesome food produced by Canadian farmers. We just had a farm day in the city yesterday. The streets were just packed here with local food and the interest was really welcoming. That support from people is out there to move in this direction.

We're concerned about the loss of farmers and the funding that's happening now. There is quite an increase in the concentration of farmland within Canada. We've also seen that in P.E.I., even though we have a Lands Protection Act. Our government has, more or less, not really lived up to the spirit of that act, which we find is really too bad. There is a lot of foreign interest coming here, and it's pretty hard for local farmers to compete in that type of situation.

We would like to be involved in helping younger farmers with some income insurance plans for beginning farmers. It's pretty difficult for younger farmers and newer farmers to come in just because of the amount of cash involved in machinery and land. Everything is just incredibly expensive. It's beyond the means of a lot of younger farmers in terms of doing it.

We think there needs to be quite a bit of support in this direction. If we had a guaranteed income, which I think your government has kind of supported, and some of the others are talking about, it would be excellent in encouraging younger farmers to get through the initial stages and be able to stay on the farm to produce the food we need.

We also think it's very important to have a land quota trust set up, so that retiring farmers can have some support, while at the same time that intergenerational transfer of land is not so burdensome to the younger generation coming in. If this were set up, it would create a good opportunity there to ensure that some of the land will stay in agriculture production. It will be there for our next generation to produce food on the land for everybody.

● (1105)

I'm just summarizing stuff here. I know the paper's a little too long and we only have five to 10 minutes.

One of the things that we're quite concerned about, and that we very much back, is supply management. We were quite shocked this morning to hear the reference to it in the news. I guess some you were also. It's unfortunate that we caved in to Trump in some of those aspects where we're giving up quite a bit of our dairy supply to the U.S. We've already given up a significant amount to the Europeans and to the TPP. I think the total of some of those, even the ones today, would have meant the total production of Saskatchewan and Nova Scotia. It's not just an insignificant amount that's happening there. It's putting significant pressure on our dairy farmers who have to operate within finances that haven't been changed in a lot of years, and they keep getting reduced.

If my colleague, Doug, was here.... He's a dairy farmer. He must have had some problems coming in. I was talking to him this morning. He's on his way; he will be here. He could bring you more up to date on some of those things that are happening there.

We'd like to see a single-desk selling process initiated for many other commodities and many other farm products in Canada. We think that would be a really important way to stabilize the system. We were quite disappointed that we lost the Canadian Wheat Board. It was an example of that. We probably lost incredible millions of dollars out of our rural economy because of that. All those assets are going to Saudi Arabian companies and other places. It just didn't make sense that our previous government did this. We think it would be much better if we brought back some single-desk selling approaches like this. It would make a tremendous difference in the development of our farm economy.

We'd like to see some funds directed to doing it for the public interest. We think a lot of times, particularly with universities and others, it's more or less working to the advantage of some of the much larger transnationals that are involved in doing the research for their own particular benefit. We're not seeing it for the public interest. We'd like to see some changes in that direction.

We'd like to promote integrated pest management. We think many aspects like this will make for a healthier society here and for the future. We can see some of the environmental degradation and we have some examples of that on our island here. We're making moves to be able to try to change that now. Even a lot of larger potato farmers are recognizing the importance of having livestock and manure on the land, and increasing our organic matter in our soils. We just had a 10-year study here and we're looking at a fairly decreased organic matter content. That plays a significant role in the deterioration of our soil. We're looking at measures to be able to reverse that and to rebuild our soil and help us with many other environmental aspects of things here because of some of the fish kills and other things that have happened. It's very important for our long-term viability that we take those into consideration.

I'll close with that, if you have questions later.

The Chair: Thank you, Reg.

We'll turn to the P.E.I. potato marketing board, Brenda Simmons.

● (1115)

Ms. Brenda Simmons (Assistant General Manager, Prince Edward Island Potato Board): Good morning, Chair Easter and honourable members of the finance committee.

I work for the potato farmers of P.E.I. The Prince Edward Island Potato Board represents approximately 180 potato farmers in this province. We work with other potato organizations in Canada and the United States, including the Canadian Potato Council and the United Potato Growers of Canada and the United States, as well as organizations here in P.E.I.

I'll give you some key aspects of the Prince Edward Island potato industry. There is more information in the package I've circulated. I know you definitely want to read that really quickly.

We are Canada's largest potato-producing province, with approximately 25% of total Canadian production and close to 30% of total seed potato production. It's an important source for the rest of Canada and other countries as well.

Potatoes are the most significant agricultural product produced in P.E.I., with farm cash receipts of over $242 million in 2017. Potatoes represent over half of our total farm cash receipts, and we exported over $410 million in seed, fresh potatoes and processed potato products from Prince Edward Island last year. I don't have data on what we sell in Canada, so that's another several million dollars.

Our seed and fresh potatoes as well as processed potato products are sold in more than 30 countries around the world, including in markets as diverse as Indonesia, Portugal, Vietnam and Uruguay.

Close to 60% of our crop is now processed here on the island, specifically for french fries, potato chips and dehydrated products. We're pleased to have this opportunity to meet with you today. I'll cut straight to our recommendations.

First, with regard to the Canadian Food Inspection Agency and cost recovery, we recommend that the government work with the Canadian potato industry to find efficiencies and means of streamlining the current approach to potato inspection and certification, and that instead of potentially further incurring Canadian Food Inspection Agency fees via the current round of cost recovery, support the competitiveness of the potato sector in Canada by reducing current fees by 50% going forward.

I don't say that lightly. We've done a lot of work on this, and our farmers here in P.E.I. already contribute over $1 million a year to CFIA in fees, and that's from 180 farms in this province. We're part of a task force that we formed in Canada to look at the potato industry in terms of the impact of cost recovery, and nationally that's around $2.8 million to CFIA. CFIA has advised us that their current cost recovery represents $55 million, so we feel that we're paying proportionally much more than are many other parts of Canadian agriculture.

Second, with regard to the Pest Management Regulatory Agency, we recommend that the government change the legislation under which the Pest Management Regulatory Agency operates to include consideration of the economic impacts of PMRA's decisions on the competitiveness of Canadian farms. As well, we respectfully ask that the government review the current approach of conducting re-evaluations of crop protectants. We've been losing access to many important crop protectants that are still being used in many other countries with which we compete, including the United States. We've also seen reductions in the uses permitted for products that have remained in the market after review. Farmers are in danger of not being able to manage pests properly, and they are definitely at a disadvantage to competing farmers in the United States in this important area.

Third, with regard to agricultural research and knowledge transfer, Andrew has covered that very well, but our recommendation is that the government increase the amount of funding available for research that benefits the agricultural sector and also provide a significant increase in funding for knowledge transfer. The P.E.I. potato industry, along with colleagues across Canada who are members of the Canadian Potato Council, have been strong participants in Agriculture Canada's national research cluster program; however, we understand that the demand for dollars under that program was much higher than what was available and there were important industry priorities that could not be funded.

Andrew also pointed out very well that the need for knowledge transfer should be seen as a major gap and that it's time to rethink some of the approaches we've had. It used to be an area of provincial jurisdiction, and they've really moved away from that with reductions in staff and so on, so it's a gap. Research without a pathway to the end-user for adoption is far from optimal.

Fourth, with regard to trade negotiating for market access, we recommend that the government continue its work on negotiating new trade agreements. It's absolutely clear that we have to find ways to diversify our trade. We look forward to hearing more details on the new agreement that was announced last night, and we believe there is untapped potential for Canada in other parts of the world. As part of this, we'd like to highlight that the government push harder for market access for products like Canadian seed and fresh potatoes.

Once a trade agreement has been negotiated, we find ourselves unable to take advantage of lower tariffs, as access to many of those markets still has to be negotiated. It's a two-part process. It's great that there's a free trade agreement, but products like potatoes still need phytosanitary access. That seems to be a low priority for some of the countries we sign FTAs with.

My fifth point is with regard to transportation. The government must find ways to address the chronic shortage of truck drivers in our country. We can produce the best potatoes in the world, but if we cannot get them and the products that we make from them to market efficiently, we cannot compete. There is a need to remove barriers to efficient transportation within Canada, such as varying weight tolerances by province on highways across the country and improving infrastructure to allow more efficient movement of products within Canada.

We have looked at some better ways to transport potatoes, even to the ports, but we find aging infrastructure, like bridges, hold us back from being able to use those.

Our last point today is about labour. The government needs to modify EI and access to foreign workers to address the shortage of labour on farms and other businesses here in Prince Edward Island and across Canada.

We could bring up other issues, but in the interest of time, we will stop there.

Thank you.

The Chair: Thank you very much, Brenda.

I might mention that there was a witness previous to you. I know that they have 70 trucks. Seventeen of them have no drivers at the moment. They were just on before us.

Next, we have Mr. Croken, who is the chief executive officer with Summerside Port Corporation Inc. Welcome, Arnold.

Mr. Arnold Croken (Chief Executive Officer, Summerside Port Corporation Inc.): Thank you, Chairman Wayne, and welcome to the members of the committee. It's great to have an opportunity to do this. It's even better to be able to do it on our home turf of P.E.I. We appreciate your panel travelling to P.E.I. to hear some of our thoughts and concerns prior to budget preparation.

You have an executive summary in front of you, but before I touch on that, I want to give you a little bit of the history of where we are within the transportation industry in the region here and the impact we're having on that. I listened to some of the speakers on the earlier panel, and I can relate to some of their concerns. I spent 23 years in the lumber business in this province with my own fleet of trucks. Back then it was difficult to find drivers, and it's even more so today. What I will pitch to you today is, we think, a small piece of perhaps a solution or an alternative to that challenge in terms of moving goods and services.

In our case in Summerside, we're the same as another 13 ports around Atlantic Canada, which I'll talk about later. Our port was operated by Transport Canada, as was the case with most of the others. In 2009 Transport Canada knocked on the door and said they were getting out of the business of operating the port, and if we—the Government of P.E.I, municipal government, or a local group—did not want to take it over, they were going to sell off the assets.

To make a long story short, we negotiated a deal with Transport Canada and a new corporation was formed. Since 2010 we've been operating the Summerside port. It's interesting for us that when we took on that challenge, Transport Canada was showing a loss of $750,000 a year in operating the Summerside port. We've been able to chip away at that and knock about $625,000 off of that, so we are making progress on our own. I'll get to that in a few minutes.

One of the things that probably triggered my invitation to this was that Wayne was at a function in the summer with Minister Bains and a group of other people at Summerside, and I talked a little bit about what we had just done. I'll touch on that now so that you can have a bit of a feel for what "break bulk" means. You will hear the term break bulk in marine shipping. It's basically being able to break down a cargo vessel load of products so that you're not shipping only one product by itself in the cargo holds.

Two years ago, for the first time ever for Summerside and Prince Edward Island, we were successful in negotiating a package deal to export soybean from our port in Summerside. Over the next three years, with another one going out this October, we've moved 36,000 tonnes of soybean through the port of Summerside.

What's interesting about that, with regard to the earlier discussion this morning, is that the 36,000 tonnes of soybean that left the shore here by water replaced 1,600 tractor-trailers hauling that product from Summerside to Halifax, which traditionally was done every year. It's put a lot more activity on the ground in Summerside with regard to employment. The small-trucking industry is able to cater to loading ships, where tractor-trailers are not nearly as good as the smaller units. That puts more people at play and at work in moving those goods.

We're hoping to build on that. We're certainly looking to increase our bulk business. We're in the middle of a joint partnership with Corner Brook, Newfoundland. We've engaged the research team from Memorial University. They're doing a study of the dairy industry—that will change as of this morning, probably—in Newfoundland to see what the opportunities are for us moving cereal grain from P.E.I. to Newfoundland by water. The Newfoundland government developed a lot of interest in that, because taking pressure off the Newfoundland ferry system was a big thing to them.

There's another thing I haven't mentioned that certainly was highlighted by our premier here in the province. That's the reduction of carbon emissions by reducing that number of trucks from the highway and the infrastructure.

I guess this is where I'll move on to the association that I'm a part of. The ports that are recognized in Canada are called Canadian seaports, or CPAs, and we are among those called the "study ports".

● (1120)

The federal government only recognizes the large ports and those ports in the region are St. John's, Newfoundland; Saint John, New Brunswick; and Halifax. When the gateway program was in place, those ports were eligible to apply to gateway funding to help them do their infrastructure repair. The small ports were not eligible and as a result we've never really been on the radar. When you look at the numbers, in the executive summary, on this impact....

I do apologize. We did this study on the industry five years ago and thought that we needed to update that in order to build a case to have some consideration for a special request that I'm going to put to you in a minute. The report is not complete yet. There will be new numbers added to this. The total tonnage and the dollar value seen in this executive summary will increase because the fish product coming across Shelburne and Digby, Nova Scotia, is not reflected in here. They're a member of our association. Stephenville, Newfoundland, has just joined the association and their numbers will be coming. The numbers overall will be larger. Again, I regret that I don't have it here for you today. It will be done shortly and we will make that available to whomever has an interest in looking at what this offers.

In our executive summary, the first bullet under number two says that 2.7 billion dollars' worth of general-priced shipping is provided by companies in Atlantic Canada and the greatest share, 29%, is $803 million in marine shipping. Those are fairly significant numbers for a small region. I know they're not for the larger regions.

If you drop down to the fourth bullet out of that movement of goods our ports, the small independent ports, are handling 50.5%. That number will increase, but we're handling 50.5% of the marine cargo that's being handled out of the region. The CPAs, the large ports, are handling 43%. We're actually moving more than they are. In domestic shipments, the CPAs are handling 21% of the products and our ports are handling 38%. While we're not recognized in the industry, we're playing what we think is a significant role in the movement of goods.

I guess the request that I have that I want to put to your committee in your deliberations before budget is that we as an independent ports group are preparing ourselves to do some lobbying on this front, but we would like to request the consideration from the federal government similar to what you've done with the private airports in Canada.

You've developed a capital assistance program that has allowed those airports to do what they need to do to keep providing the services that they do. In our case we have seawalls, we have dredging that needs to be done, we have infrastructure that needs to be repaired, and those are the kinds of items that we'd like to see some assistance on to help us to do that.

I will leave it at that and we look forward to direction from the committee as to who we could perhaps sit down with or forward our material to, to start these discussions.

The Chair: Thank you, Arnold. When that study is done you can forward it to the clerk. We'll get you the address.

Colin Jeffrey with the Trout River Environmental Committee Incorporated. Colin, the floor is yours.

Mr. Colin Jeffrey (Director, Trout River Environmental Committee Inc.): Thank you, Mr. Easter.

Good morning, honourable members of Parliament, and ladies and gentlemen.

I am the director of the Trout River Environmental Committee, which is a community-based, non-profit environmental organization on the north shore of P.E.I. We are focused on restoring the health of five rivers in that region that we manage. We also promote other sustainable use of the environment and restoration of other ecosystems across the landscape.

Today I would like to speak about delays in the announcement of environmental funding from the federal government, and the impact that has had on us and other groups on Prince Edward Island.

I have been the director of the organization for four and a half years. During that time I've submitted three project applications for federal funding. Two of those three projects have had a delay, and that has had quite an impact on our functioning and our ability to improve the environment on a community level.

In 2016, I experienced a delay in the announced approval of a two-year recreational fisheries and conservation partnerships program project funded by the Department of Fisheries and Oceans. We were notified of approval on July 18. Usually that program is announced in May. That was essentially in the middle of our field season, when we are out there trying to make a difference in the rivers.

To not know that we had that funding for an extra couple of months had a big impact on our ability to hire staff and get our work done. I was told that the lateness of the approval was caused by a delay in the ministerial approval of projects for that year. There was a change in fisheries ministers in early June of that year, I believe.

Also this year, we applied for funding through Environment Canada's EcoAction community funding program. That was delayed in 2017 and 2018 through a review of the priorities for the program. Usually applications are due November 1 and funding is announced in May. That's already quite a long period to wait for word on whether we have the funding, but this year the funding round was announced February 1, with applications due March 21.

We didn't hear whether we had the funding until the first week of September 2018. Essentially, we were waiting all spring and summer to know whether we did have this significant funding or not.

The realities of the situation for community-based non-profits are that we exist on a very small budget. We depend on our ability to bring in funding in a timely manner from a variety of sources to undertake our restoration work. Just to cover wages, because our student programs offer minimum wage, I end up topping that up with additional funding, and also trying to extend the eight weeks that we get through student programs to 12 weeks, say, so that we can get qualified university students and top up those wages a bit.

The table there shows you that we're using two or three programs each year to provide the wages for any one employee. This means that if a funding application is delayed, we can't tell that employee how many weeks we can hire them for and we have to go with a lower wage. Then maybe we find out a few months later that we actually do have the money, but it just wasn't available early in the season.

Our river restoration work is confined to June 1 to September 30, because that's when we have a minimal impact on the aquatic ecosystem. We're not able to work in the rivers at other times of the year. If we hear that we have funding for 2018 in September, we're really out of time to get anything done in the rivers that year. It has a negative impact there.

● (1125)

I don't speak on behalf of other community-based environmental groups on P.E.I., but there are 22 of these river restoration groups now across the province, addressing the serious issues we have in our rivers. From speaking to them, I know that many are frustrated by the same difficulties.

To go over the main points again, if we don't know what wage funding we have by April, we can't confirm the total weeks and wage amount we can offer employees when we're hiring in the spring. Students want to know in May that they have a job, so we need to be hiring by mid-May. That's when we'd like to know what funding we have for the year.

Also, it prevents us from understanding what we can accomplish in a year, if we're waiting for most of the season to know if we have funding. Then if we get the funding late, for a multi-year project, or not, we end up having to renegotiate the scope of the project with the funder, which is time-consuming.

As well, the lack of communication by the Department of the Environment or the Department of Fisheries and Oceans, for example, is frustrating. We generally don't get any word about when we might hear whether or not we have the funding. We simply wait for months and then finally get an email notification. The lack of communication there about the delay and when we might hear about the announcement is difficult.

I would like to request that the government review this situation and make an effort to review program priorities well in advance so that it doesn't delay the handing out of funding each year. I would also ask that it make an effort to perhaps change the deadlines for applying so that funding can be announced in April for this type of work. That would help us to hire by early May and get out there and get more done each year to restore our environment.

With that, I'll thank you for your time.

● (1130)

The Chair: Thank you very much, Colin.

We'll start with seven-minute rounds, at least for the first three.

Mr. Fragiskatos will now speak.

Mr. Peter Fragiskatos: Thank you very much to all the witnesses.

Mr. Ghiz, you talked about 5G technology. Earlier this morning we were speaking about Internet connectivity and considering it as critical infrastructure that is central to this country's future, particularly its economy and certainly its competitiveness. You're the first person who has brought 5G to the discussion. This is really exciting stuff; there's no question about it.

Where exactly are we in 5G? My understanding is that it's still in its infancy in terms of the development of the technology, is it not?

Mr. Robert Ghiz: It is. Interestingly, I was in your situation not too long ago, and if you had asked me what 5G was, I probably would have said it was a type of aircraft or golf driver. I had not a clue what 5G was.

This is a new world for me. From everything I've seen so far, 5G is going to be extremely revolutionary. Does 5G currently exist? It does in some areas. The South Korean Olympics were using 5G technology. There are some companies in the U.S. where some pilot tests have been announced for 5G. Our federal government has announced a pilot project called ENCQOR, where they are experimenting with 5G.

I call it a revolution, but it's an evolution at the same time. We're just not going to wake up one morning and find 5G available, but to give you a little sense of exactly what 5G is, I describe it like a jam-packed highway. Right now we have 4G in Canada. You're going down the highway. Every once in a while you're going to run into a traffic jam or you're going to run into some difficulties, which means the flow of information slows down, which—and I'm not going to say we're ready for autonomous cars yet—limits what we're able to do in the future. What 5G will offer will be that on that highway, whenever you get into traffic, an extra lane opens up. It is continuous information that will come down the line.

We'll be ready. The federal government has launched its spectrum consultations around 5G. Some of that will be launched in 2020.

Are we leading the world in it? You know, you have South Korea, perhaps Singapore and a few other countries that are doing a touch better than we are. Again, it's so new and it's so revolutionary that we may not want to be first. We're still on the leading edge. In fact, there was a report out recently—and I talked about our LTE networks—that we are at the top there. That should enable us to catch up that much faster when it comes to 5G.

Are we going to see autonomous cars within the next five years? Probably not, but you'll see the constant evolution of autonomous cars. I think eventually we will get to the stage where, over the next 10 years probably, you're going to see a lot of these technologies helping to create new jobs. We heard about the difficulties with regard to finding drivers. There are going to be some autonomous transport trucks that are going to exist, which are going to create that new level of job that these millennials are now working for, where they'll be able to work from home or work in a digital manner. There are going to be a lot of advantages.

Will 5G be ready tomorrow? No, but it will be an evolution over the next number of years.

● (1135)

Mr. Peter Fragiskatos: I appreciate it. I don't mean to cut you off, but I have limited time.

Perhaps you can anticipate my concern. It's not even a concern. Really, it's more of a question. I do see great prospects and potential in 5G, and I think it certainly would help us become very competitive, but because the technology is in its infant stages, I wonder if your recommendation about an accelerated capital cost allowance is putting the cart before the horse when we have a technology that is still in the very early stages. Much of this is theoretical. You have the mad scientists who are trying to work out exactly how it would work. There are issues around signal strength and what high frequencies would do for shorter wavelength. Yes, that's going to increase speed, but how do you put it all together? This is all still being worked out.

I just wonder. What evidence is there to suggest that putting in place the recommendation you're talking about would significantly boost the development of 5G?

Mr. Robert Ghiz: You already have a lot of the carriers in Canada, ranging from.... I have members such as Bell or Rogers, going all the way to Xplornet, that are already talking about 5G and how they can deliver on it, and they want to deliver it for their customers. Their customers are governments, people, businesses, and they're asking for it. What's going to happen is what happens with most of these things. Once one jurisdiction gets the competitive advantage—so for example, right now you have South Korea and Singapore and a little bit that's happening in the U.S.—the demand's going to be there. If our facilities-based carriers want to make sure we're being competitive in Canada, it needs to happen.

Now, for those technologies that will happen, it will take time to figure out exactly how they're going to be used. If it weren't for 4G and LTE, we wouldn't have Facebook or Google or a lot of these things that happened, but nobody could see that in the future.

I was just at a conference. They asked, "What is 5G going to offer?" There were some brilliant people who were speaking. You'd think they'd talk about autonomous cars or whatever. Basically, they said, "Do you want to know what? We don't know what it's going to deliver." There are going to be some smart kids in a garage somewhere who are going to invent something that nobody ever thought of 10 years ago, the same way that we never thought we'd be dealing with Twitter and Facebook and all the apps that came about because of 4G.

Mr. Peter Fragiskatos: I just don't want a situation where we build it, but it won't work, if you know where I'm coming from. That's not to say that I don't sympathize, certainly, with your emphasis on new technology. Look at where we were 20 years ago and look where we are now in terms of all the technology.

Thank you very much for your work on this today.

The Chair: We'll have to end it there.

Mr. Kelly.

Mr. Pat Kelly: Thank you, Mr. Chair.

I'm going to turn to Ms. Simmons.

I was not able to find your brief. I'm not sure if we received it or if it was distributed.

● (1140)

The Chair: It was not translated.

Mr. Pat Kelly: Okay.

I was trying to keep up with your recommendations, and it is helpful, I think, as a committee when panellists have very specific asks. It makes it pretty easy to sort out exactly what you would wish from the government when they table the budget.

You began with a streamlined inspection agency, and reduction of fees. Could you maybe just quickly go through your list and I'll let you use some of the time that you now have available to elaborate on each one?

Ms. Brenda Simmons: Thank you very much.

The Chair: I will say as well, Brenda and Pat, that as soon as this is translated, it will go to committee members.

Ms. Brenda Simmons: Thank you, and sorry about that.

The first one was CFIA and the current round of cost recovery that's under way. Do you want me to go into a little more depth on each of those items?

Mr. Pat Kelly: Sure.

Ms. Brenda Simmons: As I mentioned, for our farmers here in P.E.I., our potato farmers pay over a million dollars a year already to CFIA. That's quite a bill. Farmers have been willing to pay that—obviously they've been doing business on that basis—but now we hear of much bigger increases and so on. When we started to look into this, we found that CFIA's current revenue from cost recovery is $55 million. We're one province with one crop that's paying a million of that $55 million. We're a much smaller portion of the Canadian agri-food industry, and we feel we are paying more than our fair share in that term.

We have done some analysis, and we're hoping for a meeting with the Minister of Agriculture on that. Nationally we've done some work together. We see where our farmers on the fresh side are paying 30% to 630% more for fresh inspection fees than U.S. growers. Down there it's on a state basis, so that's why there's such a variation. On the seed side, it's between 11% and 94% more than U.S. seed growers. We're quite concerned about the thought of much higher cost recovery.

Mr. Pat Kelly: You have identified the inspection system as an international competitiveness issue.

Ms. Brenda Simmons: Absolutely.

Also, we're willing to work. We're not saying it has to be status quo and we want it for free. We're willing to work with CFIA to talk about how things might be a little more efficient in terms of what we see, but so far we haven't really had that opportunity because they're regulated.

On the second point—shall I move on?

Mr. Pat Kelly: Yes, I was going to say the further ones are the ones I was the least clear on, so keep going.

Ms. Brenda Simmons: On the Pest Management Regulatory Agency, we understand that the difference between Canada and the U.S. Environmental Protection Agency is that one of the key elements for agriculture is that the competitiveness, or the economic impact on farmers, is not part of something that PMRA has to take into consideration. We feel this is leading to some decisions that are imperilling farmers because we're losing products that we need in order to manage the crops. That's a big concern for us.

We see some differences in how PMRA and EPA look at re-evaluations in particular, and that could be streamlined a bit by doing a little more upfront work before there is a proposal. A lot of times now we see proposed decisions, and they're coming out almost weekly, that say "Eliminate all uses, no matter what." That's a huge concern and then we go through a lot of work, and then PMRA may say, "Continue but you can only use it three times a year instead of 10 times, like you could before." Maybe you can make that work if you lose one product, but then if you lose two more fungicides and get those same types of results, you really cannot manage in a bad year with blight or something. You don't have the tools there, so that's a big concern.

You've probably heard this before, but we also compete, then, with products that come in from the United States that have been using those same products. So that's a real blow.

I'll turn to agricultural research and knowledge transfer, and those two things really need to go together. That was our third aspect. For us, we have benefited from the use of cluster programming funds across the country. We've worked together with our processors, with our packers and growers, to come up with a national priority through potato research. We've funded those—we put our money in as well—but the demand for the whole program was too big so we didn't get everything we were looking for. I understand a lot of commodities are in the same category. We think that type of research will help keep the farms competitive and we'd like to see more funds there.

If we just do the research and we don't get it to the farm level, we've lost opportunities. That's a big part of the research. We really feel that knowledge transfer needs to be directly funded with some new models. Again, we're willing to participate in what that might look like. I don't have the answer but we do think there is great research in some cases. In some cases maybe the researchers don't have a 100% grasp on what the farmers really would need, and there is a bit of a gap there both ways.

● (1145)

The Chair: I have to cut it there, Brenda, because I have to go to Mr. Julian.

[*Translation*]

Mr. Peter Julian: Thanks very much to all the witnesses. Their testimony has been very interesting.

[*English*]

I'm going to go back to English now, but you'll have other interventions in French.

Mr. Phelan, I want to come to you because you had a very compelling presentation as well, talking about the necessity of really looking at food sovereignty. That's not just an economic issue; that's an environmental issue as well. The idea that Canada would eliminate its ability to feed itself has tremendous environmental ramifications.

I want to hear your comments more specifically around supply management. We have an agreement that was signed yesterday that will be devastating to the supply-managed sector, according to all of the comments that we've heard this morning.

To what extent should the government have defended supply management, and what will be the impact of allowing a significant increase in American imports in the supply-managed sector in Canada?

Mr. Reg Phelan: Yes, it's very important what you've just said there.

Supply management, I think, has really been the backbone for a number of years in our agriculture in our rural communities. If we hadn't had the dairy and the supply management, we wouldn't have nearly the rural society we have today. It's been an incredible support system to a type of agriculture that we would like to see. Our farmers have a bit of say in terms of what they get paid for their product, because the price of milk was somewhat reflected in terms of what the cost of production was over a longer period of time for farmers. That was really important and it helped that stability within rural Canada.

It's an example, I think, many other countries in the world would like to emulate, and a lot of American farmers would like to see it there, also. They don't want to see what Trump is looking for, and what they've done in New Zealand and in other places, and what's happening in Europe now. They have wreaked havoc within their rural communities there by doing away with a supply-management type of approach.

Here, as you mentioned, it really helps. It's much more involved so that everybody benefits from this. Our society benefits. If we didn't have dairy cows right now, we wouldn't have our manure supply and other situations within P.E.I. If we are concentrating a lot on potato production and monoculture in certain crops, our soils are showing that. They just cannot stand that type of pressure over a longer period of time. We're seeing where that diversity is much more needed within the farm operations.

We're starting to see people move in that direction now and doing that. That's where it's so important to have the supply management.

I'd just like to let my colleague come in here. He is a supply-managed producer and he can probably add a couple of comments about that.

Doug.

Mr. Douglas Campbell (District Director, Prince Edward Island, National Farmers Union): My comments after hearing what took place last night are very harsh when it comes to the federal government. As we know, supply management today has basically been ruined. It has been ruined to the point where to take another practically 4% of the dairy industry out of our control is the ruination of rural Canada.

It's going to be the ruination of a lot of dairy farmers because every trade deal we've had to this point has been a sacrifice for supply management. It was 3% on CETA. I understand we're talking about nearly 4% on this. It was an about-face. It was two-faced of our federal government to tell us all along that they are supporting supply management when they sold us out yet again.

I'm getting very tired of hearing from all of our federal governments that they support supply management but are making concessions. There have been concessions made to the point where we as farmers cannot take it anymore economically. We are to the point now where our cost of production is 20% below what it should be. To add another 4%, as they are talking about now, basically eliminates the western dairy producers.

It's going to be harder for us here in the Maritimes too. It's not going to improve our bottom line. It's not going to improve the American farmers' bottom line. The ones who have been making a profit from all these trade negotiations are the processors. Meanwhile, as dairy farmers, we keep losing share in the market. We keep getting classes of milk that are of no benefit to us as producers. Without actual subsidizing of the dairy industry at this point, when it comes to us as farmers, we simply cannot afford to operate.

● (1150)

Mr. Peter Julian: Thank you for this. It is very compelling testimony.

I had one further question, though, and I only have another minute and a half left.

I want to follow up on the devastating impacts to supply management, and the pretty profound impacts, Mr. Phelan, that you spoke to with the elimination of single-desk selling, which took place under the previous government but has been continued under the current government.

What has been the decline in farm receipts when we talk about the elimination of single desk? What you're talking about in your presentation really is a very distinctive Canadian approach to agriculture. Supply management and single-desk selling have been the mainstay of rural communities across this country, and we've seen both the previous government and now the current government devastating those sectors.

What has been the impact of the elimination of single-desk selling?

Mr. Reg Phelan: The impact has been incredible in terms of that. In the brief here, as you will probably see, we said how much is left, even in western Canada, because of when they closed down the Canadian Wheat Board.

The Canadian Wheat Board had an incredible history in the west, with western producers being able to establish it. It took an awful lot of work and effort over the years to do it and maintain it. They had an elected advisory board all across the country of farmers who were advising the wheat board in terms of how it operated. It had an incredible advantage. The farmers got the returns from the world market, and Canada was doing really well on it. We had high-quality grains, and we were able to ship them to many places. Our whole stability was from that.

The industry got their share of it, and the remainder then went back to producers. Now all this has changed. All those facilities the producers were involved in have now been sold off—we don't even know for what price—to concerns from Saudi Arabia and other places. Our Canadian producers' earnings have been drastically reduced.

It has had an incredible impact on the west and what's happening there, even in terms of closing down some of the shipping we used to have and how the thing used to be well organized. The impact is incredible.

We're hoping we can move back in some of those directions again to revive our rural areas, to be able to have some stability there, and to build on our environment. Our environment can't take that type of pressure. It's not just the farmers involved. It's also the health of the environment, of our communities, and of consumers too.

The Chair: I'll have to cut it there, and we'll go to five-minute rounds.

Mr. Sorbara.

Mr. Francesco Sorbara: Thank you, Mr. Chair.

Welcome, everybody, and thank you for your presentations.

I'd like to start off with the P.E.I. Potato Board. You talked briefly about one of the biggest issues you face, the trucker shortage.

Ms. Brenda Simmons: Yes, it's very significant for us. I guess you heard this earlier. I did catch the end of a question in your first session. There are not enough truckers, and the cost of freight, of getting our potatoes to market, has gone up substantially. We've also seen, though, that even if dealers are willing to take a particular price, they may or may not get the truck in the end. It may end up somewhere else.

We were able to do business, as we have done for years and years, for generations, down the eastern seaboard of the United States, and there's a bit of a triangle there. People can bring goods up to Atlantic Canada, to Montreal, and so on, and then back down, but it's a real concern for us, getting to market as we'd like to.

Mr. Francesco Sorbara: Does the outlook and demand for P.E.I. potatoes remain robust?

Ms. Brenda Simmons: Yes. I actually have some numbers. I won't kill you with them but we've increased by $120 million in sales over the last four years. Processed products count for a lot of that, but that increase is more than the exchange rate differential. It's volume as well.

● (1155)

Mr. Francesco Sorbara: Summerside Port Corporation Limited, how's business?

Mr. Arnold Croken: It was interesting listening to the conversation that happened here a minute ago. One of the areas that we've been looking at that has potential for expansion for small ports like ours is short-sea shipping, but that's a challenge because of the numbers of containers required. If we can develop technology....

If you look at the 14 ports in Atlantic Canada that are sprinkled through the rural areas, time to market is critical for all of these commodities that we're talking about. For us to try to connect from our ports with short-sea shipping, containerized modules and the capacity to handle those are some of the things we've looked at. There are certainly high costs associated with that and that's a deterrent, but it's an opportunity for us.

Mr. Francesco Sorbara: We generally don't think about it on a daily basis, but our ports play such a vital role in the movement of goods and services. I actually grew up on the west coast in the port of Prince Rupert, which has gone through a metamorphosis, with Maersk and the CN shipping line there, the grain elevator, and the cold terminal there as well, but the number of CTUs going through that port is astronomical. The shipping time from any port to any other port on the west coast is three days shorter, including Long Beach and Vancouver. There is a faster train cycle time down to Chicago just because of the way the earth is shaped, of course.

We've seen through CETA that the volumes through the port of Montreal are up 20%, and anecdotally, I've talked to some folks in my business community who actually have containers sitting in Halifax and they can't get them moved fast enough. They're benefiting on the zero tariffs but they're actually having to pay an extra $2,000 a day for those containers sitting there because they can't get them moved quickly enough out to Ontario. If there's anything we could do, in terms of the money that we've invested in infrastructure, that would help your port, we'd love to hear about it.

Finally, to Mr. Ghiz, the CCA—I'm pushing for that personally, the capital cost allowance—just how much of a boon would that be for further investments in 5G? Also, what's your opinion on the spectrum? We auction spectrum in Canada. The government makes the money off of it. It is an asset, but also, when you buy something, you have to get an ROI, and that sometimes tends to lead into higher domestic wireless rates.

Mr. Robert Ghiz: I'll tackle that one first.

With regard to spectrum, we do pay some of the highest rates in the world for spectrum in Canada. I think they're about 10 times higher here than in the United States, and that would be an area where we'd look for some relief, in terms of spectrum, but I think the CCA will add to those investments.

I went through some of our numbers and we're looking at an incremental increase over six years of $40 billion to the economy, just with the introduction of 5G. It's going to take a $26 billion investment over a five-year period or a six-year period. Right now, the facilities-based carriers in Canada are investing anywhere between $2.5 billion and $3 billion a year. This is going to be a massive investment taking place over those six years. If you look at the numbers that are going to come back with that—and that's just factoring in the first six years—once you then build the system that will have to be maintained in the future, you're going to look at all the different areas that we're going to be able to help through.

Ports, for example, I've seen presentations where ports will now have drones that will be flying over to monitor all of the containers, which will save money. Then you will need to create new jobs for those people who will deal with that technology.

It's going to help our entire economy and we're highly recommending the increase from 30% to 100%.

The Chair: On Francesco's question, Mr. Croken, I think you said that 50.5% of the cargo is at the small ports, yet you're not entitled to the money out of the gateway funding or other means that the big ports are. Is that the key problem?

Mr. Arnold Croken: That's true. I'd have to admit that we're, by and large, responsible for that. I think that as an association, we've done a great job on promoting what we can do, what we are doing and what our challenges are. That's part of the initiative behind getting the upgraded Gardner Pinfold report, and we're looking forward to sitting down with some people, perhaps in Ottawa, to have some conversations around that. It comes back to a lot of the areas that were touched on here. There are challenges, but challenges are also an opportunity.

● (1200)

The Chair: I know that on the airport side, we did make the changes there so that the small airports could qualify.

Ms. Alleslev.

Ms. Leona Alleslev: I want to follow up on that. I'm not 100% clear on the ask. Can you run it by me one more time?

Mr. Arnold Croken: I'm probably not the right one to be selling this for our group, because there's work being done on it as we speak. We had simply looked at the capital assistance program that was put in place for the small airports, the private airports. The way that model was structured—that was a federal model that was put together—seemed to us to really apply to the shipping industry as well. We're simply asking for consideration to look at something similar to that, that would allow us to go....

For example, we were talking about it earlier, and some others as well. In our ports, we are faced with dredging. If we don't dredge this fall, we will probably lose shipments next year. We started the process in February, and last Friday we finally received an email saying, "Your application is now complete. We'll take another 90 days to decide whether you can go forward or not."

Ms. Leona Alleslev: Give me a feel for your capital deficit versus what could be sustainable from your operating revenues. From what I've heard, you have a deficit in operating revenue. You've made significant inroads in reducing that deficit, but it's still a relatively significant deficit.

Who is funding that deficit right now, and what is it as a percentage of your overall? How bad is that capital...? The reason I ask is that, for you and for that port.... Also, I would guess that probably you're not the only port in that scenario, so if we were looking at this as a budget recommendation, it wouldn't be for one port. It would be for a class of ports, if I understand you correctly.

Mr. Arnold Croken: You're correct.

I'll try to make this simple so that you can understand it.

Ms. Leona Alleslev: Yes, I'm slow.

Mr. Arnold Croken: We're probably one port out of the group in the region here that's doing okay. That's, by and large, because of the divestiture agreement that we negotiated with Transport Canada. When I mention our dredging this fall, we already have that covered. We've built that into the divestiture of the port.

Some of the other ports, the ones that should be sitting here with me, actually paid the federal government to buy their port. No cash came with the transfer. Bayside, New Brunswick, is a great example of that. It's shipping a tremendous amount of product in and out, coming from the north and from their own mining pits and fish product coming from the north. They have no budget to turn to, to say, "We need to invest in our sheet seawall. It's going to cost us a million and a half dollars." They don't have the luxury of saying, "We did negotiate that in our divestiture. We're already covered."

They're the ones that are really desperate, and it's for them that I'm speaking, I guess, when I bring that up. We always said that the last few ports that were divested were able to argue, "You're not setting a precedent here." In my mind, we had a better deal than most of the other ports did.

Ms. Leona Alleslev: Who funds your deficit?

Mr. Arnold Croken: In our operation, we've been able to fund our deficit through interest earned on our investments as part of the the 25-year deal. The cash that came with the divestiture is now in our hands for 25 years. The interest we earn on that becomes our revenue stream to offset the deficits.

We were one of the last ones to divest, so we're in much better shape than most of them are.

Ms. Leona Alleslev: Thank you very much.

Mr. Ghiz, I have two things to ask you.

One is on 5G. We have an issue with accessibility to the Internet in this country anyway, so could you give us a feel for this 5G, whether it's going to be across Canada or whether it's going to be for the haves and the have-nots, as Internet access currently is. Do you see that being part of the game-changer?

Mr. Robert Ghiz: I do see it as being part of the game-changer. When I talk about the evolution of it, if you look at where we are now with our 4G LTE, I talk about 98.5% or 99% of Canadians, according to the CRTC.

● (1205)

Ms. Leona Alleslev: I'm struggling with that.

Mr. Robert Ghiz: I know. I struggle with it too, and at the beginning, I didn't believe it. It's part of the CRTC's numbers. Just to put it in perspective, in terms of where we were in 2011, the number was 45%. So the number is increasing as more investments are being made, and all governments are investing and going into remote rural areas. However, even when you factor in that number, you still say that if there's 1% to 1.5%, you're still looking at 400,000, perhaps 500,000, across Canada who you, as elected officials, hear from about not having access to those networks.

Ms. Leona Alleslev: If we're going to decrease or increase the capital cost allowance and, therefore, bring down government revenue—obviously—have you done any research to see whether or not the increase in investment will offset the decrease in the revenue as a result of the higher CCA, and will that be distributed or a benefit to a greater part of the country?

Mr. Robert Ghiz: When we asked for the Accenture report to be done, coming from a small rural province, I said that I wanted to make sure that this will be factored in for what's going to happen with agriculture, in our rural communities, in our fisheries, in all the other communities out there. The number that they came out with, which is the $26 billion that needs to be invested for us to get up, factors in all of Canada.

Now you're also going to have better connectivity with your fixed wireless, your home Internet Wi-Fi where you're hooked up. Having 5G will actually allow that to be much faster as well, and it will help out in some of those communities.

Ms. Leona Alleslev: Was it part of the study that the loss of tax revenue would be offset by the increase of the investment and, therefore, the increase in generated taxes, etc., from that revenue?

Mr. Robert Ghiz: I don't know if they factored in what happens with the government revenue, but if I were on the government side.... I always look at things and ask what happens if you don't do it. If you don't do it, you're going to lose out on those incremental taxes that are going to come in. Sometimes by lowering tax, your tax revenue goes up. Sometimes you see taxes go up and revenue actually goes down.

The Chair: Okay.

We'll go to Mr. Fergus.

[*Translation*]

Mr. Greg Fergus: First, I would like to thank all the witnesses for their presentations.

My questions are specifically for Mr. Campbell and Mr. Phelan.

Mr. Phelan, it is truly remarkable how much the leadership of the National Farmers Union has improved from 25 years ago, when Mr. Easter was the president.

Voices: Oh, oh!

Mr. Greg Fergus: Seriously, though, I am an MP from Quebec. My colleagues from Quebec and I are committed to our dairy producers and to supply management. I know how important an issue this is. I have no problem dealing with criticism, if you have any, but I have some very specific questions about this, if I may.

During the CPTPP negotiations, Canada had offered 3.25% of its dairy market to the countries party to that agreement. When Canada negotiated that agreement, the United States was part of it. Canada had decided at that time to compensate dairy farmers for the loss of that market share to foreign countries. Clearly, the United States would benefit from that 3.25% of the market. New Zealand would not really import Canadian dairy products.

The U.S. withdrew from this agreement. We have negotiated a new free trade agreement with the U.S., under which they will have access to just over 3.5% of the Canadian dairy market.

Have things really changed since the CPTPP?

● (1210)

[*English*]

Mr. Douglas Campbell: The compensation package that you talk about under CETA—I forget now how many millions or what it was. The idea behind the compensation—or you would think, anyway—would be to compensate all producers across the country. However, it was diversified into the technology of improving the industry. Basically, they gave money to help produce more milk and to get paid whatever for it.

In the end, not all farmers across Canada got that. There would be a very small percentage of Canadian farmers who would have gotten any compensation under the CETA. It was unfortunate that our officials saw fit to take the compensation because that put a price on supply management, from here on out. We gave away 3.5% of our market to allow 17,000 tonnes of cheese or whatnot to come into the country. By approving the compensation, it put a price tag on the supply management, showing that it was up for sale.

Every time that there is a new trade agreement with supply management, the problem is that supply management gets used as a bargaining chip when it comes to something else. I think part of our problem is that our politicians or our bureaucrats who are doing these trade agreements look at our dairy system as an industry, rather than as a benefit to rural Canada. They think that taking 3% out of an industry is not going to affect anybody, when it affects everybody, in fact. It affects all farmers in rural Canada because, if we have less of our own domestic market to supply our milk, that means it gets pushed into another class, which means a reduction in the blend price to us as dairy farmers.

What we're saying is that the dairy industry has gone as far as it can go with being hit. Our cost of production—our formula, which is one of the parts of supply management—is to a point where it is basically break-even or less. A while back, figures were given to me that 50% of the milk being produced in Canada is only being produced at the cost of production, or a little better, by 38% of the farmers. When you take this round of negotiations and take away another 3% or 3.5% of our market, where is that going to put us as dairy producers?

The processing industry might be okay, but as individual farmers who are trying to meet our cost of production, as more of our domestic milk gets put into different classes of milk, it's going to reduce our blend price. That reduces the price to us, which takes it to a point....

You're asking the question about what has changed with the industry. As farmers, the only way that we're going to survive in the industry is if there's...you can't call it compensation because under supply management, you're not supposed to be able to do that. But without some kind of a subsidy to farmers, there is going to be no dairy industry. In the end, it's the consumer who's going to feel the effect of that because, if you look at the States, the consumer pays twice for the product. They pay once in taxes, when it comes to government funding, and then again, when they buy the product.

● (1215)

The Chair: We're going to have to cut it there.

I have a couple of questions.

Mr. Lawless, you basically said that the government should consider a policy change that directs scientific staff to work directly with the end-users. I do understand that's happening a lot with your group, but how do you see putting that policy in place? Exactly what do you mean?

Mr. Andrew Lawless: I'll give a brief background of our group. We're 13 farms within Prince Edward Island. We're very fortunate to have a great coordinator, John Phillips, behind us, and Andrea McKenna as well, who is our executive director. Within our group, we work very closely with researchers at the federal level who are from across Atlantic Canada.

We all know that with climate change, whether we're potato farmers, dairy farmers or what have you, we're being forced to become more efficient because our margins are shrinking. Research has to be done to make us more efficient and progressive.

When the research is done, there is a gap before it gets translated to the producers. Within our organization, the researchers are working directly on our farms. They're coming out to the farms and setting up trials. They're addressing the needs within the industry, which is huge.

I think the policy would promote researchers being at the farm level and working with our associations.

The Chair: Thank you. I know that's in practice with your group.

Mr. Jeffrey, you're saying that river restoration should take place between June 1 and September 30.

Mr. Colin Jeffrey: It has to, yes.

The Chair: You depend to a certain amount on government funding. You apply in December, January and February, and decisions don't get made by the federal government—this year—until we're into September, when you're practically supposed to be out of the water.

Mr. Colin Jeffrey: Yes, that's right.

I apologize. I didn't really put a list of asks at the bottom of my notes, but one of them would definitely be, can we please reduce the amount of time it takes to review these funding applications?

Environment Canada's EcoAction program usually takes six and a half months to review the applications that groups put in. I just don't understand why it should take half a year to make a decision on those. For that program, we apply by November 1 and we hear sometime in May, usually in the second half of May, about our proposal. It would really be much better to hear in March or by mid-April whether we have the funding or not so that we can go ahead and hire university students who are finishing up in April, and then get on the ground in May and actually get more done.

For the actual in-stream river restoration work, provincial regulations stipulate that it be done between June 1 and September 30.

The Chair: Okay. I guess the thing is the six and a half months for an application to go through the federal system. I know that it goes through the Atlantic Salmon Federation in about three months. Is EcoAction with Environment Canada?

Mr. Colin Jeffrey: Yes. As I mentioned, we have had delays with DFO's recreational fisheries program as well. I think this problem does exist with many of the federal funding programs, at least in the environmental sector. Again, with that one, usually it's.... I'm trying to remember. That was announced in July—

The Chair: These are usually the same organizations year after year, right?

Mr. Colin Jeffrey: That are applying...? Yes. Occasionally a new one is created, but yes, many are applying year after year for this funding.

● (1220)

The Chair: I don't know, but I think that we should be talking to Environment Canada to ask them what the hell's up.

On behalf of the members here, I want to thank all the witnesses for coming forward today.

I know that we have three one-minute statements in audience remarks. We will immediately go to them. If members want to talk to some of the witnesses here, if they could hold for about three minutes, we'll get the audience remarks.

Thank you again for all your presentations.

We'll go to the one-minute statements. Who's first?

Mr. Zulbaran.

Mr. Iker Zulbaran (Member, University of Prince Edward Island Chapter, Engineers Without Borders Canada): My name is Iker Zulbaran, and I am a member of the University of Prince Edward Island chapter of Engineers Without Borders.

In budget 2019, I'm asking that Canada commit to a 10-year timetable of predictable annual increases of up to 15% to the international assistance envelope. This is in keeping with the recommendation that the committee made last year in its report on pre-budget consultations and an OECD report on Canada released in mid-September.

I was really encouraged to see the Government of Canada commit to increase ODA in budget 2018, but despite this increase, Canada's ODA spending is still near a historic low and below many of our global peers. The increase will simply keep the aid budget on track with inflation.

ODA is fundamental to our shared global prosperity. These investments support vital services such as health care and education in some of the least developed countries. Increased ODA through the predictable timetable of budget 2019 will show that Canada is a committed global leader as this funding helps create a better world for everyone.

Thank you so much.

The Chair: Thanks very much.

Ms. Cowper-Smith, you have one minute.

Ms. Mary Cowper-Smith (As an Individual): Honourable members, I'm Mary Cowper-Smith. I'm a member of the ONE campaign in Canada.

I'm here today on behalf of over two-thirds of Canadians who believe that it is our responsibility to help others around the world. Sadly, Canada's contributions to international assistance have been in steep decline.

Canada currently invests 0.26% of its gross national income to official development assistance. At this rate, Canada is lagging far behind our closest friends and allies in the G7 and OECD, all this despite Canada's support for the Global Fund, additional investment in girls' education, and the increases in the 2018 budget. These were important first steps, but we're not doing our fair share.

I'm here today to ask that, in budget 2019, the Government of Canada commit to increasing Canada's spending on global development over 10 years through predictable 15% annual increases to the international assistance envelope.

Thank you.

The Chair: Thank you very much, Mary.

Mr. Hickox.

Mr. Stuart Hickox (As an Individual): Hello, everybody.

Thank you, Wayne. It's great to be here today.

I don't live in P.E.I., but P.E.I. is my home, so it's a delight and a pleasure to be here today with my son Jasper, and with Mary.

You've heard the statistics on Canada's role in the world and how our aid for developing countries has decreased in the last four years. We have 300,000 members in Canada and our work is rooted in gratitude, gratitude for the prosperity and the health and opportunity we have here. We're really just talking about sharing that gratitude mindfully with the rest of the world.

We're very grateful also for previous governments that increased aid through maternal and newborn health. The Conservatives were all over that in the last mandate. We're grateful for the current government's commitment to women and girls and the feminist international assistance policy.

This is something we shouldn't argue about, but unfortunately, as the two previous speakers mentioned, our commitment in dollar terms to international development assistance has dropped for the past few years. There is a very predictable increase that we'd like to see as a community, but it's reasonable to hope that by the time the next election comes, this government should be investing at least as much as the previous government did, and we're not on track to do that.

I'm very grateful for the opportunity to speak. You'll probably see a lot of T-shirts like mine as you're travelling the country.

Thank you for your time.

● (1225)

The Chair: Thanks very much, Stuart.

With that, thank you to all the witnesses once again for coming and making your presentations, submitting us briefs and answering our questions.

Members, we have to be in the lobby at two o'clock, because that's when we have to depart for the next stop.

Thank you very much. The meeting is adjourned.

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